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OFFICIAL JOURNAL OF THE
SOCIETY OF PAPER MONEY COLLECTORS



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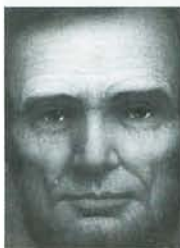
Visit the SPMC web site: www.spmc.org**FEATURES**

- Transition from Wide to Narrow Designs on U.S. Small Size Notes . 323
By Peter Huntoon and James Hodgson
- Mini-dollar: Shrinking Value of the U.S. Dollar 343
By Leslie Deerderf
- Lucky Day Discovery: An Elusive Series 1928 \$1000 Boston FRN . . 344
By Don Noss
- Louis Van Belkum's "No Circulation" National Banks Revisited . . 345
By Lee Lofthus
- Postscript to Postal Note: Fractional Currency Schemes After 1890s . . 360
By Loren Gatch
- On This Date in Paper Money History 367, 369
By Fred Reed
- Is the Federal Reserve System a Governmental Organization? . . 370
By Stephen Zarlenga
- Web Press Test Plate Varieties 385
By Bob Kvederas Sr. & Bob Kvederas Jr.
- Did Lincoln's Appearance on Money Influence His Public Perception? . . 395
By Fred Reed

SOCIETY NEWS

- Information & Officers 322
- Society Members Benefit SPMC Programs with Their Gifts 355
- Past President Ron Horstman steps down after decades of service . . 368
- President's Column 378
By Benny Bolin
- Money Mart 378
- New Members 379
- SPMC Memphis 2006 Board Meeting Minutes 380
- Board membership opportunity to improve Society, hobby 382
- SPMC honors J. Roy Pennell & Others 384

On the cover is Freeman Thorp's 1879 oil portrait of Abraham Lincoln based on an Alexander Gardner photograph known as the "Gettysburg Lincoln," taken Nov. 8, 1863, days before his speech. The painting was acquired by the U.S. Congress in 1920.



Lorenzo Hatch produced a security portrait engraving for ABNCo based on the same photograph, which the Editor applied to a suggested design for the \$5 FRN makeover in 1999.



Society of Paper Money Collectors



The Society of Paper Money Collectors (SPMC) was organized in 1961 and incorporated in 1964 as a non-profit organization under the laws of the District of Columbia. It is affiliated with the American Numismatic Association. The annual SPMC meeting is held in June at the Memphis IPMS (International Paper Money Show). Up-to-date information about the SPMC and its activities can be found on its Internet web site www.spmc.org.

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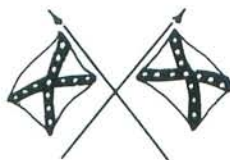
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The Transition from Wide to Narrow Designs on **U.S. Small Size Notes** **between 1947 and 1953** By Peter Huntoon and James Hodgson

Resizing Program

A PROGRAM TO RESIZE THE SMALL SIZE CURRENCY designs began to be implemented at the Bureau of Engraving and Printing during December 1947, when work on the narrow \$5 FRN face die was begun. The program concluded with the hardening of the narrow \$5 and \$10 back dies on September 20, 1950.



Above: A just discovered narrow \$10 Series of 1934C narrow Kansas City face shown with a wide that was on the same press at the same time for comparison. Only four narrow Series of 1934C face plates were made, all for Kansas City.

The stated purpose for the resizing program written on the die cards for the narrow face designs was to make all the engravings the same size as the \$1 SC face which was designated as the standard. All the designs that were resized originally had been engraved a bit larger than the \$1 SC face.

Similarly, the backs were resized to a uniform common standard which was smaller than the \$1 SC faces. Although not stated, it appears that the \$50 and \$100 backs served as the standard.

The following were resized: \$2, \$5, \$10, \$20, \$50 and \$100 faces, and \$1, \$5, \$10, \$20 backs. Left untouched were the \$2, \$50 and \$100 backs, and, of course, the \$1 face.

A primary benefit flowing from the resizing program was that the spaces between the subjects on the plates were larger in the shortened dimension. This reduced spoilage rates. It is likely that reduction of spoilage rates was the driver for the program.

The resized designs were used on 12-subject flat plates. The last of the 12-subject plates were Legal Tender \$2 Series of 1928G and \$5 Series of 1928F; Silver Certificate \$1 Series of 1935D and, \$5 and \$10 Series of 1934D; and all Series of 1950 Federal Reserve Notes.

Discovery

Wide and narrow designs were discovered decades ago on the \$1, \$5 and \$10 backs, and listed in the earliest Goodman, Schwartz and O'Donnell catalogs. However, the narrow \$20 back was recognized only within the past few years by Jim Hodgson.

The narrow \$5 SC face was discovered in the fall of 2003 by Bill Recob, an attendee in a paper money class taught by Peter Huntoon at the University of Nevada at Las Vegas. The narrow \$5 LT face was found the next day just as soon as Huntoon could get at his notes.

It was obvious that the wide to narrow transitions represented a significant redesign effort that involved most of the small size issues. Huntoon undertook a crash program to find the rest during a March 2004 trip to the Smithsonian Institution where he could work with the certified proofs from all the series.

Certain that new dies were prepared, Huntoon simultaneously inquired of Cecilia Wertheimer at the Bureau of Engraving and Printing Historical Resource Center to determine if she could locate records for them. She graciously complied and soon Eric Woodward of her office advised that he had located a sheaf of die cards from the effort, all with notations such as "This reduced size was attained in order to conform to the \$1 Silver Certificate Face which is the standard size."

The following new face varieties were discovered: \$2 LT, \$10 SC and \$5, \$10, \$20, \$50 and \$100 FRNs. In short order the list of the varieties had more than trebled. The die cards coupled with a thorough search of the certified proofs at the Smithsonian demonstrate that we now have found them all.

No narrow design was prepared for \$1 SC faces because that engraving served as the standard size for the others. No narrow designs were made for \$2, \$50 or \$100 backs either.

Chronology

The dates that the narrow dies were hardened appear on **Table 1**. Those are key dates because once hardened, the dies were ready for use.

Table 1. Chronological order in which the first narrow plate of each design was certified for use, and information on the corresponding narrow die prepared with the new narrow design.

Den	Class	Side	Date First Plate Certified	Dimension Shortened	Die Number ^a	Date Die Hardened
5	SC	face	Aug 11, 1948	horizontal	16266	Jun 4, 1948
5	FRN	face	May 6, 1949	horizontal	331	Apr 23, 1948
10	FRN	face	Aug 25, 1949	horizontal	332	Aug 18, 1948
1		back	Sep 22, 1949	vertical	16421	May 10, 1949
20	FRN	face	Oct 27, 1949	horizontal	335	Feb 28, 1949
2	LT	face	Dec 6, 1949	horizontal	16291	Aug 5, 1949
10	SC	face	Feb 10, 1950	horizontal	16472	Dec 12, 1949
5	LT	face	Mar 8, 1950	horizontal	16468	Nov 25, 1949
50	FRN	face	Mar 27, 1950	horizontal	337	Aug 23, 1949
100	FRN	face	Jun 2, 1950	horizontal	338	Feb 14, 1950
20		back	Jul 3, 1950	horizontal	350	die card not found
5		back	Nov 7, 1951	horizontal	368	Sep 20, 1950
10		back	Dec 20, 1951	horizontal	371	Sep 20, 1950

^a There are two series of die numbers, the 3 digit are Federal Reserve Note dies, the 5 digit are Miscellaneous dies.

Table 2. Key plates and dates associated with the changeovers between the 12-subject wide and narrow \$2 and \$5 Legal Tender, and \$5 and \$10 Silver Certificate face designs.

The plate having the lowest number with a given variety was not always the first plate with the variety to be certified or used. Conversely, the plate having the highest number with a given variety was not always the last plate with the variety to be certified or used.

Last Wide Plate Number	Last Date a Wide Plate was Certified	Last Date a Wide Plate was Used	First Narrow Plate Number	First Date a Narrow Plate was Certified	First Date a Narrow Plate was Used
\$2 Legal Tender wide to narrow transition:					
1928F 481	Jun 11, 1947	Dec 9, 1949	1928G 483	Dec 6, 1949	no data
\$5 Legal Tender wide to narrow transition:					
1928E 627	Jul 27, 1947	May 1, 1950	1928F 628	Mar 8, 1950	Mar 13, 1950
\$5 Silver Certificate wide to narrow transition:					
1934C 2026	Jun 16, 1948	Mar 13, 1950	1934C 2028	Aug 11, 1948	Aug 18, 1948
\$10 Silver Certificate wide to narrow transition:					
1934C 232	Sep 9, 1947	Aug 7, 1950	1934D 233	Feb 10, 1950	no data

The work on the narrow designs appears to have commenced December 11, 1947, when the narrow \$5 FRN face die was begun. The job was finished December 20, 1951, after the first narrow \$10 back was made.

However, there was a peculiar reversion to use of wide \$5 backs beginning in April 1952 that continued to the end of 12-subject plate production in 1953. The narrow design was reinstituted when \$5 18-subject back plate production commenced March 31, 1953.

\$2 Legal Tender Faces

Work on an horizontally shortened \$2 face die was completed in August, 1949, and the first plate made from the narrow die was certified in December. As shown on **Figure 1**, the alteration to the die was simple. Slivers of the right and left ends were trimmed away.

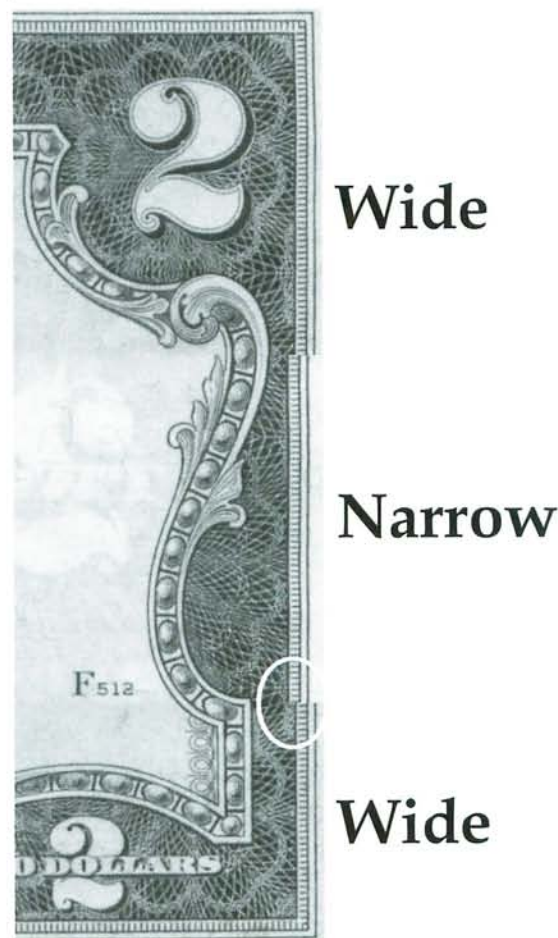
The changeover from the wide to narrow \$2 faces occurred between the 1928F and G series. No rarities were created as a result. \$2 1928F face 481 is the last wide, and \$2 1928G face 483 the first narrow (**Table 2**).

No narrow version of the \$2 backs was needed, so there are no wide and narrow back designs to create interesting matings with the available faces.

\$5 Silver Certificate Faces

Work on a narrow \$5 Silver Certificate face die began during January 1948, and the die was hardened in June. It was the first of the narrow dies to be completed. The first plate made from the die was certified in August, and was the first narrow plate to be made under the resizing program.

Figure 1. Comparison between the wide and narrow \$2 Legal Tender faces. Notice the degree of horizontal shortening.



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“Hello Jim,

The two FRNs arrived today safe and secure. Thank you for the very fast delivery.

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In short, I suppose you could say I'm happy to put it in a single word. Thanks Jim, you have an excellent eye for quality. Your contact, service and delivery are an asset to your profession. I'm so very glad a friend of mine, who I know only through buying notes on ebay, and share the enjoyment of collecting for the last 8 months, sent me your name, email listings and address.

You've got a customer for life here. No second-guessing your expertise, notes and service on my part at all now.

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Figure 2. Comparison between the wide and narrow \$5 Silver Certificate faces showing the degree of horizontal shortening.



Wide Narrow

Figure 3. The easiest way to distinguish between the wide and narrow \$5 Silver Certificate faces is to count the numbers of pairs of vertical lines to the left of the tip of the line that defines the center of the spiral next to the lower right counter.

Wide Narrow

The most obvious place to see the differences between the wide and narrow varieties is in the spiral that touches the left side of the lower right counter (Figure 2). The most definitive feature is the number of pairs of vertical lines to the left of the tip of the curled line that defines the center of the spiral. As shown on Figure 3, there are three pairs of two lines on the wide, but only two on the narrow. The diagnostic features shown on Figure 2 are mirrored on the left side of the notes as well.

The narrow face design first appeared on the last four plates made for the Series of 1934C Silver Certificates, specifically plates 2028, 2029, 2030 and 2031. These plates were begun in June 1948, and finished in August. See Table 3.

The last wide Silver Certificate face was 1934C plate 2026. It was certified June 7, 1948, and narrow 2028 on August 11th. Consequently, this wide-narrow changeover was the first of the known wide to narrow design changes. Plate 2027 never was finished, but was begun as a narrow based on the fact that work on it started in June along with the other four, and that it was manufactured in the same fashion.

The data from the plate history ledgers summarized on Table 3 reveal that all four of the narrow 1934C Silver Certificate face plates were used. Printings from them spanned August 18, 1948, to January 11, 1950. However, they represent only a small fraction of 1934Cs produced.

A total of 156 face plates were used to print the \$5 Series of 1934C Silver Certificates. The four narrow plates represent about 2.5 percent of this total. Consequently the narrows should be about as scarce as regular 1934C star notes, and the narrow star notes should be very scarce to rare.

Table 3. Comprehensive data for the four \$5 Series of 1934C Silver Certificate narrow face plates.

Plate	Begun	Certified	Reentered	Recertified	Canceled	Logged Out to Press Room
Last Series of 1934C wide face plate:						
2026	May 21, 1948	Jun 7, 1948			Nov 20, 1951	Jul 8, 1948-Aug 25, 1949 Sep 23, 1949-Oct 17, 1949
Series of 1934C narrow face plates:						
2028	Jun 10, 1948	Aug 11, 1948	Mar 10, 1949 Oct 14, 1949	Apr 1, 1949 Nov 7, 1949	Nov 20, 1951	Aug 18, 1948-Mar 9, 1949 Jul 8, 1949-Aug 25, 1949 Sep 23, 1949-Oct 13, 1949
2029	Jun 10, 1948	Aug 11, 1948	Jan 4, 1949 Oct 18, 1949 Jan 12, 1950	Jan 13, 1949 Oct 24, 1949 Feb 3, 1950	Nov 20, 1951	Aug 18, 1948-Jan 3, 1949 Jul 8, 1949-Aug 25, 1949 Sep 23, 1949-Oct 17, 1949 Oct 5, 1949-Jan 11, 1950
2030	Jun 10, 1948	Aug 11, 1948	Jan 4, 1949 Sep 23, 1949 Dec 6, 1949	Jan 13, 1949 Nov 7, 1949 Dec 8, 1949	Nov 20, 1951	Aug 18, 1948-Jan 3, 1949 Jul 8, 1949-Sep 22, 1949 Oct 5, 1949-Dec 5, 1949
2031	Jul 14, 1948	Aug 11, 1948	Jan 4, 1949 Oct 20, 1949 Jan 5, 1950	Jan 18, 1949 Oct 26, 1949 Feb 2, 1950	held for exhibit or modeling	Aug 18, 1948-Jan 3, 1949 Jul 8, 1949-Aug 25, 1949 Sep 23, 1949-Oct 19, 1949 Nov 5, 1949-Jan 4, 1950

Plate 2027 was begun June 9, 1948, but canceled unfinished on July 14, 1948. It appears to have been a narrow. Plates 2028, 2029, 2030 and 2031 were the last \$5 Series of 1934C Silver Certificate face plates.



Figure 4a. \$5 Series of 1934C narrow faces when mated with micro back plate 637 produced exotic mules. The face plate on this one is 2031, the last of the four narrow 1934C faces. Figure 4b (below) closeup.

Micro back 637 was still in use during the first part of narrow 1934C production! Specifically, it was on the presses between June 23, 1945, and June 14, 1949. Consequently, 637 back and 1934C narrow face production overlapped from August 1948 to June 1949. Mule 1934C narrow faces were the result (Figures 4a and 4b).

Rarer micro back 629 was in production only from November 17, 1947, to February 2, 1948. It went out of production too early to have been mated with any of the narrow faces.

Regular narrows occur in the NA, PA and QA blocks. The 637 mules are on the NA and PA blocks.

Undoubtedly narrow regular and mule varieties also occur as star notes, but none have been reported yet. If 637 narrow stars are found, they will be great rarities, possibly rivaling the key to the \$5 Silver Certificate series, the Series of 1934A 637 star note.

\$5 Legal Tender Faces

The wide to narrow change on the \$5 Legal Tender notes also involved an horizontal shortening across the notes. The shortening was accomplished in identical fashion as on the Silver Certificates.

The changeover from wide to narrow on the \$5 Legal Tender Notes occurs between the 1928E and 1928F series. The \$5 1928E face 627 is the last wide, and \$5 1928F face 628 the first narrow. The \$5 Legal Tender plates were not produced between July 1947 and March 1950, owing to low demand, thus missing the end of the Julian-Snyder regime in 1949 when the narrows first appeared on the Silver Certificates.

No rarities were created because the changeover occurred between the 1928E and F series. Also, the narrow 1928Fs arrived too late to be mated with 637 micro backs.

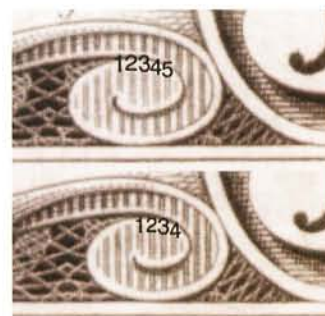
\$5 Federal Reserve Faces

The manner in which the horizontal dimensions on the \$5 Silver Certificate and Legal Tender faces were shortened was identical. However, the shortening across the bottom of the face of the \$5 FRNs was accomplished differently.

On Figure 5, notice how the tip of the curled line in the center of the spiral along the bottom border stops one pair of vertical lines short of the left side when compared to the SCs and LTs on Figure 3. This distinctive difference is visually enhanced by the fact that the pairs of fine lines within the spiral on the FRN die were cut a bit deeper so that they printed more boldly on the notes.



Wide



Wide

Narrow



Figure 5 below. Comparison between the wide and narrow \$5 Federal Reserve faces showing how the spiral was tightened up on the narrow. The means used to shorten the lower border on the FRNs was different from the SCs and LTs. Contrast this with Figure 3 (shown again below left for comparison)



Figure 6 (above). Compare the different appearance of the spirals used on the SC and LT notes, and those on the FRN notes. Notice how the spiral on the FRN has a distinctive internal shape and is bolder in appearance.

The differences can be seen on **Figure 6** in the comparisons between the narrow SC and LT engravings, and those of the narrow FRN.

The shortening across the top border of the FRNs was handled identically to the SC and LT notes. See **Figure 7**.

Figure 7 (right). Comparisons between the upper right corners of the wide and narrow \$5s. The shortening was the same regardless of class.



Data on **Table 1** reveal that the FRN die was finished in April 1948, a month and a half before the SC die. It was used to make a 12-subject master that was begun November 1, 1948. However, the first production plate wasn't duplicated from the master until April 1949.

The image first appeared on the last six of the Series of 1934C face plates made for New York, specifically plates 298 to 303, begun in April 1949. Data for these important plates are summarized on **Table 4**. They comprised an unusually late order for Series of 1934C FRN face plates. The previous New York \$5 Series of 1934C face was wide 297 certified June 2, 1947, almost two years earlier.

The six New York plates turned out to be the last in the \$5 1934C FRN series. Consequently, usage of the narrow design for the other districts was delayed until production of the 1934D plates beginning in August.

Fifty-one \$5 Series of 1934C New York face plates were used, specifically plates 253-289, 291-303. Thus, the six narrows represent about 12 percent of New York 1934C production. Narrow New York faces will prove to be far

Table 4. Comprehensive data for the six \$5 Series of 1934C New York Federal Reserve narrow face plates. Plates 298-303 were the last \$5 Series of 1934C Federal Reserve face plates made for any district.

Plate	Begun	Certified	Reentered	Recertified	Canceled	Logged Out to Press Room
Last Series of 1934C wide face plate:						
297	May 9, 1947	Jun 2, 1947		Oct 11, 1949	Nov 15, 1951	Sep 20, 1949-Oct 10, 1949
Series of 1934C narrow face plates:						
master	Nov 1, 1948				Apr 21, 1950	
298	Apr 12, 1949	May 6, 1949			Nov 15, 1951	May 13, 1949-May 17, 1949 Dec 5, 1949-Dec 7, 1949 Feb 20, 1950-Feb 27, 1950
299	Apr 12, 1949	May 13, 1949			Nov 15, 1951	Jul 27, 1949-Aug 25, 1949 Dec 5, 1949-Dec 7, 1949 Feb 13, 1950-Feb 27, 1950
300	Apr 14, 1949	May 6, 1949			Nov 15, 1951	May 13, 1949-May 17, 1949 Dec 5, 1949-Dec 7, 1949 Feb 13, 1950-Feb 27, 1950
301	Apr 14, 1949	May 6, 1949			Nov 15, 1951	May 13, 1949-May 17, 1949 Dec 5, 1949-Dec 7, 1949 Feb 13, 1950-Feb 27, 1950
302	Apr 18, 1949	May 18, 1949	Feb 21, 1950		Nov 15, 1951	Jul 27, 1949-Oct 10, 1949 Dec 5, 1949-Dec 7, 1949 Feb 13, 1950-Feb 20, 1950
303	Apr 18, 1949	May 6, 1949			held for exhibit or modeling	May 13, 1949-May 17, 1949 Dec 5, 1949-Dec 7, 1949 Feb 8, 1950-Feb 27, 1950
First Series of 1934D narrow face plates:						
304	no data	Aug 9, 1949				

rarer than SC 1934C narrows because far fewer were made. They were made though, and can be found through diligence and a bit of luck. They occur in the BC block, and possibly the B*. See **Figure 8**.

Figure 8. Specimen from one of the six Series of 1934C New York FRN face plates. This note, from the BC block, is from plate 303, the last in the series. New York was the only district to utilize narrow 1934C face plates.



Use of the narrow Series 1934C New York faces overlapped the last production from micro back 637, the same as with the SC 1934Cs. Consequently 637 mules are possible, most likely mated with faces 298, 300, 301 and 303, which were on the presses at the same time. If they were produced, they will occur on the BC block and possibly the B*.

The \$5 Series of 1934C 637 mules have proven to be rare regardless of district. Only six from the BC block have been reported, but no stars. None of the six 1934C BC block 637 mules have narrow faces. Narrow Series of 1934C 637 mule FRNs will prove to be stellar rarities if ever found!



Figure 9. Comparison between the wide and narrow \$10 Federal Reserve faces showing the degree of horizontal shortening. Kansas City was the only district to utilize narrow 1934C face plates, and only four were made.

Wide

Narrow

Wide

\$10 FRN Faces

The first narrow \$10 face plate was certified in August 1949, a year after the narrow die had been completed. As shown on **Figure 9**, the horizontal dimension of the face was shortened by slightly trimming off the right and left ends. The best place to look for differences is adjacent to the floral S under the 10 in the upper right counter. One prominent white line in the background passes through the gap between the lower loop of the S and the border on the wide, whereas it is missing on the narrow.

This modification was accomplished early in the resizing program before the end of the Series of 1934C. Only one late order, consisting of four Series of 1934C plates for the Kansas City Federal Bank, was made using the narrow design. This is a virtual repeat of the \$5 1934C narrow faces for New York.

The memorable narrow numbers are \$10 Series of 1934C Kansas City faces 86, 87, 88 and 89. The data for them are reproduced on **Table 5**.

The wide Kansas City \$10 Series of 1934C faces were numbered 63 to 85. Of these, 77, 79, 82 and 83 were never used.

The use of the narrow plates was most interesting. An highly unusual notation in the plate history ledger reveals that all four of the plates were sent to the press room as a set on December 7, 1949. Obviously they were to be used together on one four-plate press, instead of being mixed in with the other available Kansas City \$10 faces plates.

As it turned out, they were the only Kansas City \$10 plates in use at the time. They kicked off a press run that ran from December 7, 1949, to January 10, 1950. However, plate 87 went bad the first day, and was replaced by wide 85. Wide 85 lasted until December 21st, when it was in turn replaced by 80 to complete the run.

Plate 86 showed wear by January 29th, so was replaced by wide 63. Similarly, 88 and 89 were cycled out on January 4th and replaced by wides 64 and 65. Ironically, none of the four narrows made it to the end of the press run.

The paramount fact is that \$10 Series of 1934C narrow faces were pro-

Table 5. Comprehensive data for the four \$10 Series of 1934C Kansas City Federal Reserve narrow face plates. Plates 86-89 were the last \$10 Series of 1934C Federal Reserve face plates made for any district. The ledger shows that they were sent to the press room as a set.

Plate	Begun	Finished	Reentered	Recertified	Canceled	Logged Out to Press Room
Last Series of 1934C wide face plate:						
85	Oct 3, 1947	Nov 28, 1947	Dec 22, 1949		Nov 15, 1951	Dec 7, 1949-Dec 21, 1949
Series of 1934C narrow face plates:						
86	Mar 30, 1949	Apr 18, 1949	Dec 30, 1949		Nov 15, 1951	Dec 7, 1949-Dec 29, 1949
87	Mar 30, 1949	Jun 3, 1949	Dec 9, 1949		Nov 15, 1951	Dec 7, 1949-Dec 8, 1949
88	Mar 30, 1949	Jun 7, 1949	Jan 5, 1950		Nov 15, 1951	Dec 7, 1949-Jan 4, 1950
89	Mar 5, 1949	May 5, 1949	Jan 5, 1950		held for exhibit or modeling	Dec 7, 1949-Jan 4, 1950
First Series of 1934D narrow face plate:						
90		Nov 8, 1949				

Today discoveries await lucky collectors

Wide

Narrow



Figure 9A. First reported wide to narrow changeover pair of \$10 FRN Series of 1934C Kansas City notes, a pair put together by James Hodgson.

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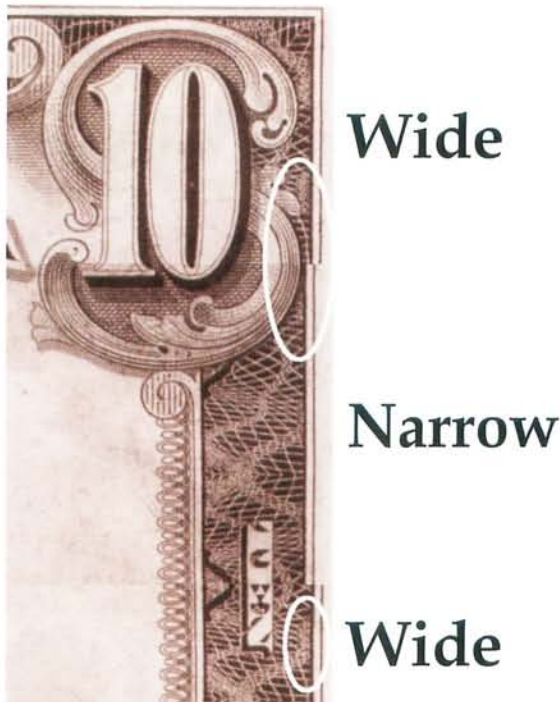
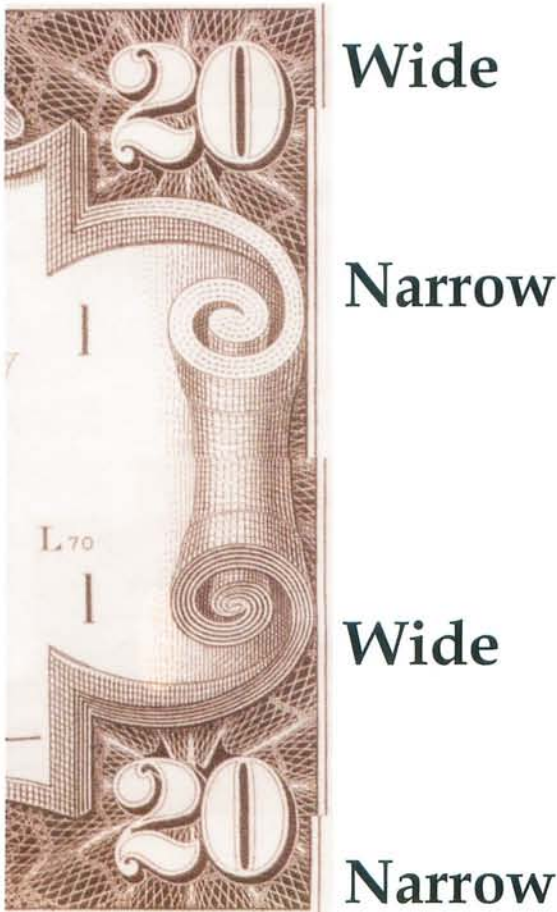


Figure 10 (above). Comparison between the wide and narrow \$10 Silver Certificate faces showing the degree of horizontal shortening. The oval highlights a distinctive background feature in the border that is missing on the narrow variety.



duced for the Kansas City district. There weren't a lot of them.

They occur on the JA block, and possibly the J*, the only \$10 blocks used by Kansas City on Series of 1934C notes. The discovery note is J73832613A B88/1237.

The wide to narrow transition on the \$10 backs occurred in February 1952, long after printings of the FRN 1934 series had ceased. Consequently there is no possibility for a \$10 1934C narrow back. Similarly there are no 1934D narrow backs either.

\$10 Silver Certificate Faces

The first narrow \$10 Silver Certificate face plate came along on February 10, 1950, almost six months after the narrow \$10 FRN faces. The changes on the SC die were identical to those made to shorten the horizontal dimension of the \$10 FRN face. See **Figure 10**.

The \$10 wide to narrow SC changeover occurred between the Series of 1934C and D plates. The changeover plates were 1934C 232 and 1934D 233. Thus there were no rarities created by a changeover within either series.

There is, however, an interplay between the wide and narrow \$10 back designs, and the Silver Certificate face varieties. The first narrow \$10 backs were printed February 14, 1952. Printings from them post-dated the last use of the 1934C SC faces by a year and a half. Consequently there is no possibility of a narrow back 1934C note. However, there are both wide and narrow back 1934D notes, a fact known for decades thanks to the pioneering work of Goodman, Schwartz and O'Donnell.

\$20 FRN Faces

As shown on **Figure 11**, horizontal shortening on the \$20 FRN face was accomplished by trimming off the ends. However, this put a serious squeeze on the scroll that largely defines both ends of the design. In order to accommodate the required shortening, it was also necessary to tighten up the scrolls by re-engraving them. This involved no small amount of work.

The \$20 FRN face die was completed in February 1949, and could have been used to make Series of 1934C faces. However, it wasn't needed until October because the demand for \$20 faces was small. Consequently the changeover from wide to narrow was made between the Series of 1934C and 1934D plates for all the districts. No rarities were created.

\$50 FRN Faces

BEP records reveal that a narrow \$50 FRN face die was completed August 23, 1949. The first plate made from it was the first \$50 Series of 1934D for Boston which was certified March 27, 1950. The changeover for all twelve districts occurred between the 1934C and D notes as with the \$20 and \$100 faces.

Figure 11 (left). Comparison between the wide and narrow \$20 Federal Reserve faces showing the degree of horizontal shortening. Notice how the scroll was tightened up on the narrow variety.

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It is unclear from the die card which dimension was shortened, but it probably was the horizontal. Whatever they did was so sophisticated or slight, we cannot detect the difference! Maybe you can. If so, kindly advise.

\$100 FRN Faces

The wide to narrow transition on the \$100 faces occurred between the 1934C and D plates for all districts. The narrow \$100 face die was completed in February 1950, but not used until June well after the Series of 1934D had begun. No rarities were created as a result of the change.

The job of shortening the horizontal dimension was accomplished rather imaginatively in an effort to minimize re-engraving. The entire right and left borders, inclusive of the counters in the corners and the floral design work that connects them, were detached wholesale and slid inward.

Figure 12 shows the degree of shortening between the wide and narrow varieties. **Figure 13** shows where the border design was overrun in order to shorten the horizontal dimensions of the design.



Figure 12 (above). Comparison between the wide and narrow \$100 Federal Reserve faces showing the degree of horizontal shortening.

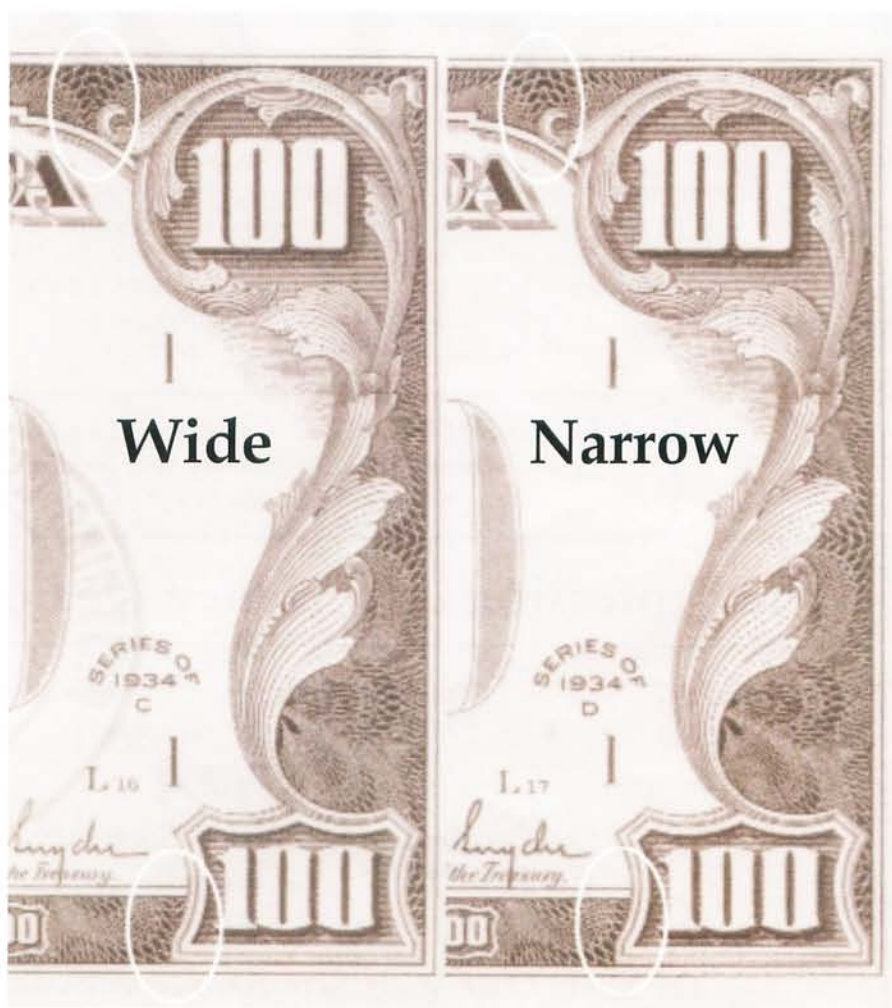


Figure 13. The ovals show where the borders were trimmed in order to narrow the width of the \$100 face design.

\$1 Backs

The first backs to be resized were the \$1s. The narrow die was completed in May 1949, and the first plate in September. The vertical dimension was shortened, thus becoming the only case of vertical shortening in the resizing program. The slack was taken up by trimming the top and bottom borders as shown on **Figure 14**.

The change occurred during production of 12-subject \$1 Series of 1935D Silver Certificates. The changeover plates were 5015 and 5017. Data on **Table 6** reveal that wide backs continued to be used into March 1953, three and a half years after the narrow design was adopted.

Figure 14. The \$1 back was the only design that needed to be shortened in the vertical direction. This was done by trimming the top and bottom borders.

Wide

Narrow



Table 6. Key plates and dates associated with the changeovers between the 12-subject wide and narrow back designs.

Changeovers are arranged in chronological order of the earliest certification of a plate with the new design. All plates treated here except \$5 back 2097 were 12-subject plates.

The plate having the lowest number for a given variety usually was not the first plate with the variety to be certified or used. Conversely, the plate having the highest number for a given variety usually was not the last plate with the variety to be certified or used.

Last Wide Plate Number	Last Date a Wide Plate was Certified	Last Date a Wide Plate was Used	First Narrow Plate Number	First Date a Narrow Plate was Certified	First Date a Narrow Plate was Used
\$1 wide to narrow transition:					
5015	Aug 10, 1949	Mar 19, 1953	5017	Sep 22, 1949	Sep 28, 1949
\$20 wide to narrow transition:					
669	Jun 17, 1949	Aug 8, 1950	670	Jul 3, 1950	Jul 11, 1950
\$5 wide to narrow transition:					
2006	May 2, 1951	Sep 2, 1953	2007	Nov 7, 1951	Apr 7, 1952
\$10 wide to narrow transition:					
1389	May 4, 1951	May 26, 1953	1390	Dec 20, 1951	Feb 14, 1952
Last Narrow Plate Number	Last Date a Narrow Plate was Certified	Last Date a Narrow Plate was Used	First Wide II Plate Number	First Date a Wide II Plate was Certified	First Date a Wide II Plate was Used
\$5 narrow to wide II transition:					
2066	Feb 26, 1952	Sep 3, 1953	2067	Apr 15, 1952	Oct 24, 1952
Last Wide II Plate Number	Last Date a Wide II Plate was Certified	Last Date a Wide II Plate was Used	First Narrow Plate Number	First Date a Narrow 18-Subject Plate was Certified	First Date a Narrow 18-Subject Plate was Used
\$5 wide II to 18-subject narrow transition:					
2096	Jun 2, 1952	Sep 2, 1953	2097	Mar 31, 1953	Apr 3, 1953

There was ample opportunity for changeover pairs between the varieties because both wide and narrow plates were used together on the same press for so long. Dual use spanned 20 blocks. Included were 12-subject printings in 1935D blocks UE through MG, and *B and *C, but not GG. The GG block was used exclusively for early 18-subject production, so all had narrow backs.

\$5 Backs

The \$5 backs always have been special to collectors because things were complicated. A group of narrow plates was made, but then they were followed by a throwback group of wides. No explanation has been found for this anomaly, but collecting the groups gives variety specialists a good chase, and some rarities were created as well.

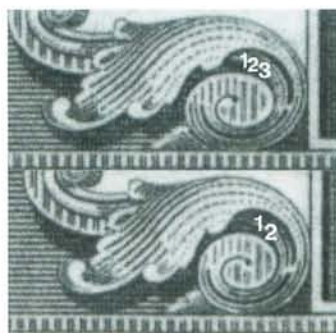
The shortening across the narrow backs was accomplished in a manner similar to the faces. **Figure 15** shows the degree of shortening, whereas **Figure 16** shows where to look for the most definitive differences.

Figure 15. Comparison between the wide and narrow \$5 backs showing the degree of horizontal shortening. The floral spiral next to the counter was tightened to do the job.



Wide
Narrow

Figure 16. The easiest way to distinguish between the two \$5 back varieties is to count the number of pairs of vertical lines to the right of the tip of the line that defines the center of the spiral.



Wide
Narrow

One characteristic of high volume plates, such as the \$5s, is that they are manufactured on a rather continuous basis. However, there was a seven-month hiatus before the startup of the narrow plates. The break in the routine indicates that change was in the works. Similarly, there was a two and a half month hiatus before the second group of narrow plates was begun.

The changeover between the wide and narrow \$5 backs occurred between plates 2006 and 2007, respectively begun March 16, 1951, and October 10, 1951. The modification involved a horizontal shortening of the design.

The last wide plate in the pre-2007 range remained in service until September 2, 1953, right to the end of 12-subject usage. See **Table 6**.

Plates 2007 through 2066 were narrow. They were used from April 7, 1952 to September 3, 1953.

Plates 2067 through 2096 were finished as wides, long ago named Wide II by Goodman, Schwartz and O'Donnell. The changeover plates, 2066 and 2067, were begun respectively January 7, 1952, and March 20, 1952. The Wide II plates were used from October 24, 1952, to September 2, 1953.

The narrow design was re-instituted on all the 18-subject plates that followed, beginning with 2097. The 18-subject narrow 2097 was begun October 1, 1952, finished March 31, 1953, and placed in service April 30, 1953. A couple of other 18-subject plates beat it into production on April 3rd. Both 12- and 18-subject backs were being made for five months during the transition to 18-subject presses in mid-1953.

All three of the 12-subject groups - Wide I, narrow and Wide II - were

used on 1934D Silver Certificates, 1928F Legal Tender Notes and 1950 Federal Reserve Notes. The available varieties, especially in the Federal Reserve Notes, are endless. All Wide II star notes in the 1950 Federal Reserve and 1928F Legal Tender issues are rare.

The plates from all three groups were on the presses together until September 2-3, 1953, when 12-subject \$5 back production ceased. The result is ample opportunity for all sorts of exotic changeover pairs between the three.

\$10 Backs

The first narrow \$10 back plate was certified May 4, 1951. The narrows involved a horizontal shortening as shown on **Figure 17**, taken up by trimming the borders on both ends.

The narrow variety appeared on the \$10 1934D Silver Certificates and 1950 Federal Reserve Notes. Narrow back 1934D Silver Certificates are quite scarce, with the stars being rarities. Narrow back stars in the 1950 Federal Reserve Notes are tough, and some districts are going to prove to be very scarce to rare when the last word is in.

\$10 wide and narrow back plate usage overlapped from February 1952, until May 1953, so changeover pairs between them were printed in both the Silver Certificate and Federal Reserve Note series. Such changeover pairs have proven to be very scarce because packs of \$10s of that vintage were not saved very often.

\$20 Backs

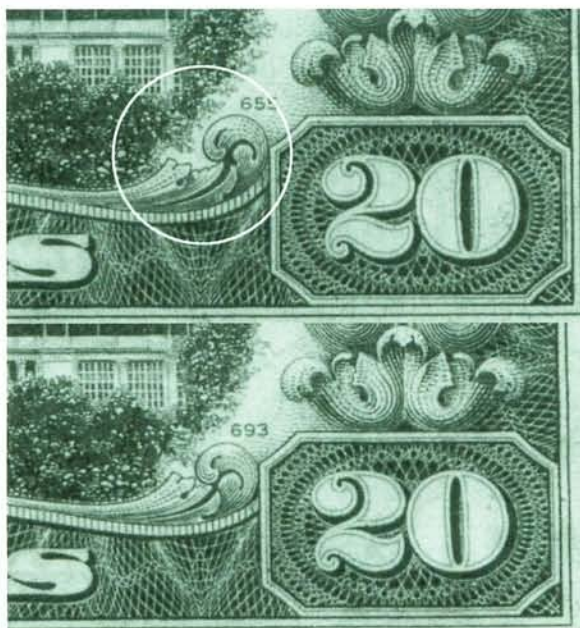
The second backs to undergo resizing were the \$20s which were shortened in 1950 in the horizontal dimension as shown on **Figure 18**. The primary diagnostic feature involves the floral design in the embellishment below the plate number. As shown on **Figure 19**, it is more tightly rolled on the narrow



Wide
Narrow

design which allowed the designers to slide the right border and counters in the corners toward the center of the note. This change is mirrored on the left side as well.

The changeover from wide to narrow occurred during production of \$20 Series of 1934D Federal Reserve Notes. The last \$20 wide back plate was 669; the first narrow, 670. The last certification date for a \$20 wide production plate was June 17, 1949; the first for a narrow July 3, 1950.



Wide
Narrow

Figure 17. Comparison between the wide and narrow \$10 backs showing the degree of horizontal shortening. Shortening was easily accomplished by trimming both ends.



Figure 18 (below left). Comparison between the wide and narrow \$20 backs showing the degree of horizontal shortening. The slack was taken up by tightening up the folds in the banner to the left of the counter, and allowing the counter to overrun the border above the banner.

Figure 19 (bottom). The easiest place to see the difference between the wide and narrow \$20 backs is in the floral design below the plate number. The "budding leaf" has not opened as far on the narrow design so it touches the "stalk" to the left.

The last date that a wide \$20 was on the presses was August 8, 1950; however, the first narrow went to press July 11th. Consequently wide and narrow plates were on the presses concurrently for almost a month so changeover pairs between the two types should exist, but will prove to be scarce.

It is theoretically but remotely possible that some \$20 Series of 1950 faces were printed on wide backs. Deliveries of Series of 1950 notes began in November 1950 for Atlanta, just a few months after the last wide back plates went out of service. A stockpile of wide backs would have had to have been available in order for them to have been mated with the Atlanta or later Series of 1950 face press runs. However, we currently have no evidence that stockpiling of that duration was occurring at the time.

Conversely, the action just may be in the Series of 1934C. That is, some \$20 Series of 1934C faces may have been mated with narrow backs.

There are two tantalizing entries in the plate history ledgers to this effect. Series of 1934C Chicago face plate 122 and St. Louis face 61 were sent to press from May 22, 1951, to May 28, 1951. This week-long period was well within the narrow era so if there were production from those faces, it would have created Series of 1934C narrow \$20s for the two districts.

A *caveat* is in order. "Sent to press" in the plate history ledgers doesn't always mean on the press. What "sent to press" means is that the plates were checked out to the press room from the plate vault. Generally they were used, but some simply were held in the press room as backups.

It appears in these two cases that the then obsolete 1934C plates were used either to meet short term spikes in production or as temporarily available backup plates within the press room. Quite likely is the possibility that they were used alone on separate presses to print stocks for small star note runs. Consequently our preferred choice for searching for possible \$20 1934C narrows is to look at the backs of Series of 1934C G* and H* notes. If any are ever found, they will be rarities.

What about \$50 and \$100 Backs?

No \$50 and \$100 narrow back dies were made as part of the wide to narrow transition program. The last 12-subject \$50 and \$100 back plates were 166 and 132, respectively certified August 8, 1944, and July 28, 1944. Stocks of them were more than sufficient to last to the end of the 12-subject era. No more were made until July 9, 1953, with the advent of the 18-subject plates.

How Designs Were Resized

The resizings necessarily involved making new master dies. All the designs that were altered were shortened in the horizontal dimension except for the \$1 back which was shorted from top to bottom.

What follows is a scenario that could have been used to slightly shorten the horizontal dimension on a note such as the \$100 face in order to create a narrower design. The same concept works for simpler designs such as the \$2 and \$10 faces where all that was needed was to trim off the ends.

It is likely that three images were transferred to a roll from the original master die. This was accomplished by rocking the roll -- a soft steel cylinder -- back and forth over the hardened flat steel die until the desired part of the image was transferred to the roll.

The largest transfer consisted of the central part of the design complete except for the right and left borders. The other two were the right and left borders. Undesired parts of the images inadvertently picked up on the roll were carefully ground off, as were the parts of the central image removed from the right and left ends to shorten the design. The roll was then hardened by heating and quenching.

The shortened central image could then be laid in on a new soft master die using the same transfer technology. Next the borders could be transferred into place slightly inward from their former positions on the old master die.

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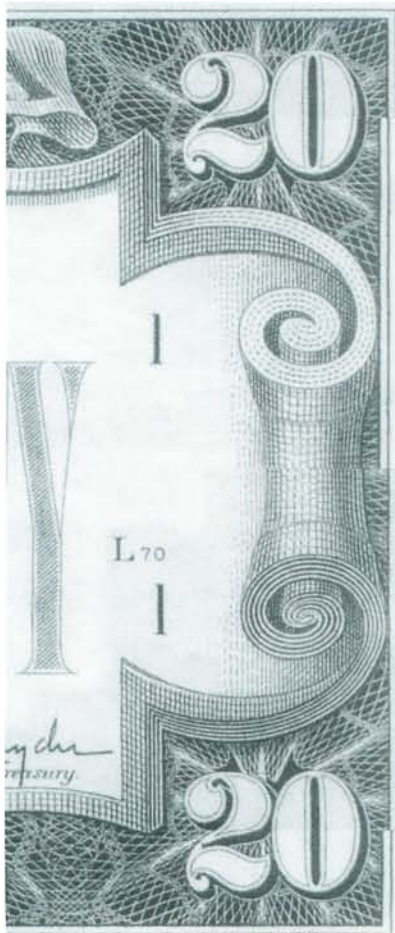
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Figure 11 (shown again). Comparison between the wide and narrow \$20 Federal Reserve faces showing the degree of horizontal shortening. Notice how the scroll was tightened up on the narrow variety.



Finally, if necessary, an engraver retooled the region of the splices to merge the parts. The new master die was hardened upon completion.

More difficult were designs that didn't lend themselves to simple cut and paste fixes. The \$20 face is a good example. Notice on **Figure 11** how the scroll in the center of the border was tightened up on the narrow to accommodate the shortening. This involved re-engraving parts of the scrolls on both ends. Similarly, the \$5 faces and backs illustrate situations where the accommodation required re-engraving parts of flourishes adjacent to the counters in the lower corners.

Present Status

The \$5 narrow and Wide II backs, as well as \$10 narrow backs, have been known for decades. Yet the prices in catalogues poorly represent the true rarity of many notes with these varieties. Now we have more of them to contend with!

The considerable cataloging task remains to learn of, and catalog, the narrow varieties by class, denomination and serial number block letters. This will be especially daunting in the Federal Reserve series.

For example, we have a very poor handle on the \$20 narrow back Federal Reserve Notes. Some exotic \$20s probably await discovery such as narrow back 1934C and 1950 notes. Some of the \$20 1934D narrow back stars are going to prove to be great rarities as well.

A particularly fertile area for discovery and serious variety collecting involves changeover pairs between the varieties. Changeover pairs were created because the flat bed presses in use at the time held up to four plates which circulated around the bed of the press. A stream of sheets came off a given press which cycled through the plates present. Wide and narrow plates typically were mixed on a press. Consequently the sheets in the finished stack cycled through the varieties.

The sheets were next cut in half vertically, and the 6-subject half sheets were fed through serial numbering and separating machines. The notes were numbered consecutively from top to bottom on the half sheets, and then from half sheet to half sheet. The result was either wide to narrow, or narrow to wide, changeover

pairs as numbering passed from one half sheet to the next.

Things got particularly complex when wide and narrow plates were in concurrent use on both the back and face presses!

Just about every transition treated here involved the production of changeover pairs. Historically, the recognized wide to narrow back changeover pairs have not received as much attention from collectors or catalogers as has been lavished on signature changeover pairs. In fact, they have received less attention than non-mule to mule, or late-finished to regular, changeover pairs. The fact is, very few wide to narrow changeover pairs have been documented outside of the \$1 backs. Most possibilities haven't even been discovered yet. Some extraordinary combinations are awaiting discovery.

Imagine discovering any one of the several possible changeover combinations involving \$5 Silver Certificate Series of 1934C 637 mules and narrow faces. Each combination would classify as an exotic. Even more spectacular would be such a pair with star serials!

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Acknowledgments

Cecilia Wertheimer and Eric Woodward of the Bureau of Engraving and Printing Historical Research Center located and provided copies of the narrow die cards. James Hughes provided access to the certified proofs in the National Numismatic Collection at the Smithsonian Institution. This research was sponsored by the Society of Paper Money Collectors and the Professional Currency Dealers Association. ♦

Letter to the Editor

Dear Mr. Reed, my name is David T. Lloyd, son of Bob Lloyd. I received your magazines with a fabulous article about my dad. Bob age 100 and Gladys age 102 now live with my sister Martha in New York. My wife and I just returned from visiting there. Dad is getting weak, very frail. Tires early, but for age 100 he is great. Good mind, but has trouble remembering. Thank you for being a good friend of my dad. Sincerely, David T. Lloyd. *Readers who wish to brighten Bob Lloyd's day can send him a note or card at 285 Athens Blvd., Buffalo, NY 14223-1603 -- Editor* ♦

Mini-dollar: Shrinking Value of the U.S. Dollar

By Leslie Deerderf

IT'S WIDELY KNOWN THAT INFLATION HAS reduced the purchasing power of the once "Almighty American Dollar." In fact, souvenir stands will sell you a "shrunk dollar" that is about the size of a postage stamp.

Thirty years ago I did an exhibit at a local coin show to dramatize this erosion of value. At the time our dollar was "worth" about 20 cents compared to a base year. I used 1913 which is when the Federal Reserve Act was passed and the Fed took over control of the nation's monetary policy.

In today's global age, where foreigners and foreign governments increasingly own our cash, I thought I'd look into what has transpired over the past three decades. The web has any number of "currency calculators." I like the one at factmonster.com (<http://www.factmonster.com/ipka/A0001519.html>) because it is simple. "The Shrinking Value of the Dollar" there provided data on which my chart above was calculated.

Coincidentally, factmonster's gauge is based on the Consumer Price Index inflation calculator which also happens to date to 1913 when it was invented, so it is in sync with other analyses like mine which peg to the Fed created the same year.

"This data represents changes in prices of all goods and services purchased for consumption by urban households. . . In 2002, for example, it took \$17.89 to buy what \$1 bought in 1913. Note that in 1920, it cost \$2.02, and declined in 1925 and through the 1930s, illustrating the effect of the Great Depression, when prices slumped. Prices did not pass \$2 again until 1950," Factmonster reports.

The Minneapolis Fed Bank, where SPMC member

Shawn Hewitt is employed, also provides a web-based calculator (<http://minneapolisfed.org/research/data/us/calc/>) more positively named "What is a dollar worth?" It allows you to calculate comparisons of various years. So for example, our 1913 saddle blanket dollar had already shrunk to 58 cents by the time the U.S. converted to small size notes! According to the Federal Reserve Bank of San Francisco "currency was

Value of Small Size Currency in terms of CPI since 1913



reduced in size by twenty-five percent," but actually large size are 7.5" by 3.125" (23.4375 square inches) and small size are 6.125" by 2.625" (16.078125 square inches) so my calculator tells me it was really 31.4%. Since the notes' purchasing power by that time had shrunk 42%, I guess the new small sized notes were close enough to their actual value for government work! If the Treasury had continued to reduce our notes in parallel to their deflated value, today's FRNs would be about 1.35 square inches (1.8 inches wide by 3/4 of an inch high), an apt size for a note now worth less than a nickel.

No wonder goods I might have purchased with my 1975 dollar would theoretically cost me \$3.76 today. Can you say "Holy, gas prices, Batman!"? ♦

Lucky Day Discovery An Elusive 1928 \$1000 Boston Federal Reserve Note

By Donald Noss Jr. CPA

I RECEIVED A PHONE CALL IN LATE JANUARY 2006 from an individual living along the Gulf Coast. He knew I collected currency and wrote some articles for a few publications so he correctly thought I would be interested in what happened to him on his day off from work.

Of course, he was right!

His day started out about the same as most others. Nothing in particular happened in the morning. But things were to change around noon. That's when he just happened to be at the right place at the right time to see someone slowly open an old oversized tarnished envelope that had probably not seen the light of day for over 50 years.

Time stood still for a few moments as he waited for the owner's hand to slowly remove the contents from the envelope. Out came another old-looking envelope, but in better condition. Then, slowly and carefully, this inner envelope was opened to reveal a beautiful One Thousand Dollar bill.

Well, he tried to hide his surprise and think of something to say other than "Wowowow!" He did not collect currency, but his intuition told him he should buy this note. He can't remember exactly what he said, but after some back and forth banter, he told me he was able to purchase this \$1000 bill for exactly one thousand dollars within a few minutes of setting his eyes upon it. He thought this could be his "Lucky Day."

He knew \$1000 bills were still legal tender even though never seen in ordinary day-to-day transactions. So, he decided to do a little research as soon as he deposited the bill in his safety deposit box. After all, he hoped it was worth more than the face value, a mere \$1000 dollars.

It was a beautiful bill in every respect. It looked essentially new and he did not want to bend or even breathe on it. In fact, it was difficult to tell if it had ever seen the inside of a wallet or pocket. Was there a fold in it or not? Hmmm. The "Series of 1928" caught his attention. That seemed old.

And the golden obligation, "Redeemable in Gold," increased his heart rate a beat or two. However, it was the word "Boston" printed inside the Federal Reserve Seal and not the word "Gold" that made this note very rare.

And how valuable?

Well, who knows for sure until it goes up for sale or someone offers a price that cannot be refused?

How many of these exist for this note cataloged as Fr.

2210-A? That source says 58,320 were printed, but it seems not many exist today, perhaps only 6 or 7 of them. Catalog values in the four figures are ridiculously low. The immense Heritage Auctions data base lists no auction appearances of one of these notes in their sales. In fact, it is possible that no currency buyer has ever had the chance to buy one of these at any auction. I'd appreciate knowing otherwise.

Large denomination bills are disappearing every day into the portfolios of hard core currency collectors, and the number of those individuals is increasing as you read this. I expect this new discovery might find its way into a collector's portfolio too, if the "Price Is Right." But the owner of this



rare little 1928 \$1000 is not exactly in any hurry to dispose of his fortuitous "New Find."

He knows it is quite rare and may be satisfied to watch it grow in value while some serious investment money migrates from coins to paper money. Demand from collectors for these rare high-denomination bills continues to increase at the same time some of these bills are actually being destroyed each year by Federal Reserve Bank employees. That may be hard to believe, but then again, that is supposedly their lawful duty when these notes appear at the banks.

The owner intends to have this note graded to enhance its potential value. So he ordered a \$14 Plexiglas holder to help guard this precious cargo in the mail. Given the rarity of this note, that did not seem too extravagant an expense. After all, when this article was written, there was a 1928 \$1000 Boston note offered for sale on the Internet for \$65,000.

The condition of that bill pales somewhat in comparison to this one. You know what they say "Condition, Condition, Condition!"

If there's a moral to this story, let's just say keep your eyes open and your antennae up.



Why Series of 1929 Nationals Exist for Banks That Reported No Circulations

Louis Van Belkum's “No Circulation” National Banks Revisited

By Lee Lofthus

Introduction

LOUIS VAN BELKUM'S LANDMARK WORK *NATIONAL BANKS of the Note Issuing Period 1863-1935* (1968) identified 15 banks that issued Series of 1929 National Bank Notes yet reported no National Bank Note circulations in the annual reports of the Comptroller of the Currency. By the time the Hickman/Oakes (1982) and first Kelly (1982) reference books were published, Van Belkum's work in the Comptroller's Currency and Bond Ledgers demonstrated that there were actually 27 National Banks that issued Series of 1929 notes, but reported no taxable circulations. This article will explain why those 27 banks issued National Bank Notes without reporting any circulation. It will also shed light on why it is important to collectors to understand the real meaning of the various circulation related data in our standard reference books.

Reporting National Bank Note Circulations

As a precursor to understanding why certain banks could issue notes without reporting circulations, some background on how banks prepared their circulation reports, and how Van Belkum used those reports, is important. The starting point is the National Bank Act, which enabled banks to purchase government bonds which were then used to secure a circulation of National Bank Notes. Once a bank had purchased bonds and deposited them with the Treasurer of the United States, National Bank Notes in an amount equivalent to the value of the bonds were sent to the bank by the Comptroller of the Currency beginning in 1900. Prior to that, the banks received circulation equal to 90 percent of the value of the bonds.

Section 5214 of the National Bank Act required each bank to pay a tax on the amount of the outstanding notes it placed in circulation, and Section 5215 required the banks to report their taxable circulations semi-annually to the Comptroller of the Currency. During the Series of 1929 era, the Comptroller published the year-end circulations in his Annual Report in tables or supplements titled “Individual Statements of Condition of National Banks At The Close of Business December 31” each year. Van Belkum used these circulations from the annual reports issued through 1934 when he compiled the bank-by-bank data in *National Banks of the Note Issuing Period 1863-1935*. Van Belkum's 1968 book listed all the chartered National Banks, whether or not they issued notes or reported circulations.

By the small size era only 80 to 85 percent of the chartered banks were issuing Nationals. The remainder ceded their circulation privilege to the Federal Reserve banks.

The "No Reported Circulation" Situation

While writing his 1968 book, Van Belkum was aware of notes from banks claiming no circulation, so he marked the circulation as "None*." Such situations would not have struck Van Belkum as too unusual because he knew that banks only had to report taxable circulations for which they were liable. It was entirely possible to have situations where banks received and issued notes, yet had liquidated their liability for the notes, and thus could legitimately report no circulation. This happened with some frequency when bankers sold their bonds and deposited lawful money into the Treasury redemption fund in order to retire their circulations. That action freed the bank from any tax on the notes, and thus freed the bank from reporting circulation to the Comptroller.

Van Belkum offered the following explanation for how some bankers could report no circulation despite their National Bank Notes sitting in the hands of collectors:

"There is one important thing to note, that is the banks marked "none." By "none" is meant that the bank did not have any circulation listed in all of the Annual Reports of the Comptroller of the Currency in which it appears. This does not mean that the bank could not have issued notes. A bank could have ordered notes, placed them in circulation, and then deposited money, with the Treasurer of the United States for their redemption. The report, when it came out, would show none, meaning there was no circulation upon which the bank could be taxed. The asterisk next to a "none" means notes are known on the bank."

At this stage Van Belkum was working from the Comptroller's annual reports, not the Currency and Bond Ledgers in the National Archives. As a result, his awareness of the "None*" banks was based on information of notes known to him or reported by dealers and collectors, not the actual notes issued.

The Original 15 Circulation "None*" Banks

When Van Belkum's book was published, there were 15 small-size era banks identified with a status of "None*." They are listed here on **Table 1**. None declared any circulation in any annual report through 1934, the year the Comptroller's reports last included circulation data.

Table 1: Status of Van Belkum's Original 15 Circulation "None*" Banks

Charter Number	Bank Name	Town	State	Reported Circulation	Notes Believed Known In 1968	Actual Note Issued Status	Notes in Census in 2005
13399	Pipestone NB	Pipestone	MN	None	Yes	None Issued	0
13428	Red River NB in	Clarksville	TX	None	Yes	1929 T1 issued	19
13774	Cleves NB	Cleves	OH	None	Yes	1929 T2 issued	13
13860	Crafton NB	Crafton	PA	None	Yes	None Issued	0
13903	FNB in Peru	Peru	IL	None	Yes	None Issued	0
13963	NB of Sterling	Sterling	IL	None	Yes	None Issued	0
13974	FNB in	Clarksville	TX	None	Yes	1929 T2 issued	13
14016	NB of Ludington	Ludington	MI	None	Yes	None Issued	0
14116	Coldwater NB	Coldwater	MI	None	Yes	None Issued	0
14219	NB&TC of Erie	Erie	PA	None	Yes	1929 T2 issued	28
14241	FNB in Condon	Condon	OR	None	Yes	None Issued	0
14245	Milwaukee Ave NB	Chicago	IL	None	Yes	1929 T2 issued	13
14252	FNB in Pierre	Pierre	SD	None	Yes	1929 T2 issued	8
14283	Bexar County NB	San Antonio	TX	None	Yes	1929 T2 issued	12
14320	Liberty NB&TC	Louisville	KY	None	Yes	1929 T2 issued	63

Notes: a) Reported circulation based on Comptroller of the Currency Annual Reports 1929-1935
 b) Actual issue status verified in the National Currency and Bond Ledgers, National Archives
 c) Notes Known per Don C. Kelly National Bank Notes Census 2005

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Tom Denly, Ron Horstmann, PCGS, BNR,
John and Nancy Wilson, Alex Perakis**

**Also a big shout out to
Lyn Knight
for the wonderful display
of 30 years of Memphis shows**

A high grade survivor from the notes issued in 1935 by the First National Bank in Pierre, SD. Chartered in August 1934, the bank did not issue its first notes until February, 12, 1935. (Photograph courtesy of Peter Huntoon)



Van Belkum then went on to research the notes issued using the Comptroller's Currency and Bond Ledgers in the National Archives. These data eventually appeared in the Hickman/Oakes (1982) and Kelly (1982) reference works. I compared the Hickman/Oakes and Kelly entries against Van Belkum's original 15 "None*" list. That comparison produced the results shown on **Table 1**: Column 7 reveals that only 8 of the 15 "None*" banks actually issued notes. The other 7 entries were erroneous, likely because the early census information confused notes known from similarly named banks in the same towns. However, because the new reference books were organized around the note-issuing banks, not the non-issuing banks, there was no obvious updating of the

Table 2: The 27 National Banks Issuing Series 1929 Notes Without Reporting Circulations

Charter Number	Bank Name	Town	State	Reported Circulation	Notes in Van Belkum in 1968	Denominations issued per National Currency Ledgers	Notes in Kelly Census in 2005
11397	FNB of Tonkawa	Tonkawa	OK	None	No	1929 T2 \$5	0
12801	NB of Commerce	Hugo	OK	None	No	1929 T2 \$5 \$10 \$20 \$50	1
13246	FNB of Bolivar	Bolivar	NY	None	No	1929 T2 \$5 \$10 \$20	4
13428	Red River NB in	Clarksville	TX	None	Yes	1929 T1 \$5 \$10 \$20	19
13540	Linden NB	Linden	NJ	None	No	1929 T1 \$10 \$20	3
13562	Colorado NB in	Colorado	TX	None	No	1929 T1 \$10 \$20	0
13681	NB of Commerce	Memphis	TN	None	No	1929 T2 \$50 \$100	4
13696	Prange NB	New Douglas	IL	None	No	1929 T2 \$5 \$10 \$20	16
13774	Cleves NB	Cleves	OH	None	Yes	1929 T2 \$5 \$10	13
13894	Windham NB	Bellows Falls	VT	None	No	1929 T2 \$5	4
13974	FNB in	Clarksville	TX	None	Yes	1929 T2 \$5 \$10	13
14032	Lansing NB	Lansing	MI	None	No	1929 T2 \$10 \$20	23
14153	FNB in	Carteret	NJ	None	No	1929 T2 \$10 \$20	0
14173	FNB of	Golconda	IL	None	No	1929 T2 \$10 \$20	5
14219	NB&TC of Erie	Erie	PA	None	Yes	1929 T2 \$10 \$20 \$50 \$100	28
14245	Milwaukee Ave NB	Chicago	IL	None	Yes	1929 T2 \$5 \$10 \$20	13
14252	FNB in Pierre	Pierre	SD	None	Yes	1929 T2 \$10 \$20	8
14261	Goshen NB	Bethesda	OH	None	No	1929 T2 \$5 \$10	4
14273	Citizens NB at	Brownwood	TX	None	No	1929 T2 \$10 \$20 \$50	1
14282	Wymore NB	Wymore	NE	None	No	1929 T2 \$10 \$20	12
14283	Bexar County NB	San Antonio	TX	None	Yes	1929 T2 \$5 \$10 \$20	12
14285	Mount Olive NB	Mount Olive	IL	None	No	1929 T2 \$100	5
14297	NB of Lanark	Lanark	IL	None	No	1929 T2 \$5 \$10 \$20 \$50	7
14302	Stockmens NB	Cotulla	TX	None	No	1929 T2 \$10 \$20	2
14304	NB of Commerce	Pawhuska	OK	None	No	1929 T2 \$20	4
14305	NB of West NY	West NY	NJ	None	No	1929 T2 \$5 \$10 \$20	2
14320	Liberty NB&TC	Louisville	KY	None	Yes	1929 T2 \$10	63

Note: Reported circulation based on Comptroller of the Currency Annual Reports 1929-1935



The National Bank and Trust Company of Erie was one of the "no circulation" banks originally identified by Louis Van Belkum in 1968. The bank delayed issuing notes until 1935, and issued Series of 1929 Type 2 notes only.

"None*" list, nor was there any specific explanation as to why a note-issuing bank may have declared no circulation. Collectors realized that the 1968 "None*" information was outdated, and focused instead on the wealth of information mined by Van Belkum from the Archives. Little additional attention was given to the "None*" banks.

Revisiting the "None*" Banks in 2006

I could not see any reason a bank would have had an incentive to deposit lawful money into the redemption fund in order to avoid declaring a taxable circulation. It did not make economic sense – any negative consequence of paying the circulation tax would have been outweighed by the gain from keeping the notes and loaning or investing them.

Furthermore, it was apparent that there might be additional banks that

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Liberty National Bank and Trust Company was chartered in January 1935 and is popular as the highest charter number of any note-issuing bank. The note-issuing era ended before the bank was required to report its circulation at the end of 1935.



issued notes, but declared no circulations. Van Belkum noticed the original "None*" banks because he had seen or knew of reported notes from those banks. If the 1968 census didn't make him aware a bank had known notes, Van Belkum had no way to know the "no circulation" entry in the Comptroller Annual Reports needed to be marked with an asterisk. It appeared there was still more to be learned about the "None*" banks.

The first step in pursuing the "None*" bank question was to do a comprehensive reconciliation between all the "no circulation" banks listed in Van Belkum (1968) and the list of note-issuing banks in Kelly (2004). This recon-

BONDS AND LAWFUL MONEY DEPOSITED				BONDS WITHDRAWN				BALANCE	TITLE	LOCATION	Organization No. 14173	Date of Organization, 1/31	Group No. 141	Ledger No.	Sheet No. 1
Date	Amount	To	Date	Amount	To										
Feb 11	25.00	2/1	May 12	25.00	2/1		First Natl. Bank in Golconda Ill.								
May 20	25.00	2/1		35.00	L.M.H.										
	50.00			50.00											

NATIONAL BANK CURRENCY ISSUED										BALANCE (Carry over)	NATIONAL BANK CURRENCY RETURNED AND DESTROYED										BALANCE (Carry over)
Amount	Date	Series	To	10's	20's	50's	100's	Total	Amount		Date	Series	To	10's	20's	50's	100's	Total			
14920	Mar 12	1935	1		14920				14920		May 24	1935	1	200				200			
2720	"	"	1					2720	10080		May 29	"	1	50				50			
	"	"	1						25.00		June 10	"	1	100				100			
1440	"	"	1						200		"	"	1	50				50			
					15120			15120	10080		"	"	1	100				100			
									200		"	"	1	200				200			

This is a section of the National Currency and Bond Ledger for Charter 14173, the First National Bank of Golconda, IL. Although the bank was chartered in May 1934, the left hand portion of the ledger titled "National Bank Currency Issued" clearly shows the first note deliveries did not occur until March 12, 1935. This explains why the bank reported no taxable circulation in 1934.

ciliation would determine if other banks issued notes without reporting any circulation. The results of that reconciliation are shown on Table 2.

There were a total of 27 banks that issued Series 1929 Nationals without reporting taxable circulations. Table 2 shows that 7 banks erroneously reported in 1968 as note-issuing banks have dropped off the list, 8 original Van Belkum "None*" banks remain, and 19 banks were added.

The next step was to obtain the Comptroller of the Currency Annual Report supplements for the years 1929 to 1935 in order to confirm that these 27 note-issuing banks never reported any circulations. This verification was made. At this point, a validated list was in hand of the 27 "no circulation" banks, but there was still no explanation of why these banks issued notes without reporting circulations. That meant it was time to visit the Currency and Bond Ledgers at the National Archives.

Why Note-Issuing Banks Reported No Circulations

Table 3 summarizes my findings from the Currency and Bond Ledgers for all 27 banks that issued notes without reporting circulations. Several interesting facts emerge from the table. First, the most important point is that 21 of

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Table 3: Explanations for No Reported Circulations of Series 1929 Note-Issuing National Banks

Charter Number	Bank Name	Town	ST	Reported Circulation	Date of Organization	Date First Note Issued	Explanation for Not Reporting Circulation
11397	FNB of Tonkawa	Tonkawa	OK	None	7/12/1919	1/9/1935	First notes issued in 1935
12801	NB of Commerce	Hugo	OK	None	7/29/1925	2/26/1935	First notes issued in 1935
13246	FNB of Bolivar	Bolivar	NY	None	9/26/1928	1/28/1935	First notes issued in 1935
13428	Red River NB in	Clarksville	TX	None	2/17/1930	5/2/1930	Bonds sold July 1930
13540	Linden NB	Linden	NJ	None	4/14/1931	12/8/1931	Bank in liquidation status Dec 1931
13562	Colorado NB in	Colorado	TX	None	7/6/1931	10/14/1931	Bonds sold by Dec 1931
13681	NB of Commerce	Memphis	TN	None	4/29/1933	9/2/1933	Notes withheld from circulation until 1935
13696	Prange NB	New Douglas	IL	None	5/25/1933	2/27/1934	Bank liquidated Dec 1934
13774	Cleves NB	Cleves	OH	None	9/11/1933	2/1/1935	First notes issued in 1935
13894	Windham NB	Bellows Falls	VT	None	12/5/1933	2/14/1935	First notes issued in 1935
13974	FNB in	Clarksville	TX	None	1/13/1934	1/21/1935	First notes issued in 1935
14032	Lansing NB	Lansing	MI	None	1/24/1934	6/5/1934	Bonds sold Sept 1934
14153	FNB in	Carteret	NJ	None	5/10/1934	2/2/1935	First notes issued in 1935
14173	FNB of	Golconda	IL	None	5/8/1934	3/12/1935	First notes issued in 1935
14219	NB&TC of Erie	Erie	PA	None	7/10/1934	1/16/1935	First notes issued in 1935
14245	Milwaukee Ave NB	Chicago	IL	None	7/31/1934	1/17/1935	First notes issued in 1935
14252	FNB in Pierre	Pierre	SD	None	8/5/1934	2/12/1935	First notes issued in 1935
14261	Goshen NB	Bethesda	OH	None	9/1/1934	2/18/1935	First notes issued in 1935
14273	Citizens NB at	Brownwood	TX	None	6/13/1934	3/8/1935	First notes issued in 1935
14282	Wymore NB	Wymore	NE	None	9/22/1934	1/4/1935	First notes issued in 1935
14283	Bexar County NB	San Antonio	TX	None	10/10/1934	1/19/1935	First notes issued in 1935
14285	Mount Olive NB	Mount Olive	IL	None	7/20/1934	2/23/1935	First notes issued in 1935
14297	NB of Lanark	Lanark	IL	None	10/25/1934	12/28/1934	Notes not received until January 1935
14302	Stockmens NB	Cotulla	TX	None	9/25/1934	1/21/1935	First notes issued in 1935
14304	NB of Commerce	Pawhuska	OK	None	11/21/1934	3/5/1935	First notes issued in 1935
14305	NB of West NY	West NY	NJ	None	10/25/1934	2/14/1935	First notes issued in 1935
14320	Liberty NB&TC	Louisville	KY	None	1/8/1935	2/6/1935	First notes issued in 1935

Notes:

- a) Reported circulation based on Comptroller of the Currency Annual Reports 1929-1935
- b) Organization date taken from Comptroller of the Currency National Currency & Bond Ledgers, National Archives
- c) Note issue dates taken from Comptroller of the Currency National Currency & Bond Ledgers, National Archives
- d) When bonds were sold, taxable circulation liability was ended, thus no year-end circulation reporting was required

the 27 banks all shared the same simple reason for never reporting circulations: they delayed issuing their first National Bank Notes until 1935, the year the National Bank Note circulation privilege was ended by the federal government. When the circulation privilege ended, so did circulation reporting, and these 21 banks simply never had a chance to file a year-end report of their notes in circulation.

The Lansing National Bank's owners sold their bonds in September 1934 and thus had no outstanding liability when reports were due at year's end. (Photograph courtesy of Heritage Auctions)



The last bank on **Table 3** is Charter 14320, the popular Liberty National Bank and Trust Company, Louisville, Kentucky, sought by collectors as the highest charter number of the note-issuing National Banks. The bank was chartered in 1935 and issued its first notes in 1935. It is one of the few banks that issued only during 1935 for which more than a handful of notes are known to collectors today.

The first three banks on **Table 3** delayed issuing notes for several years

BONDS AND LAWFUL MONEY DEPOSITED				BONDS WITHDRAWN				BALANCE		TITLE	LOCATION	Organization No. <u>13681</u>	Date of Organization <u>7/9/33</u>	Group No. <u>136</u>	Ledger No. _____	Sheet No. <u>1</u>
DATE	AMOUNT	TYPE	DATE	AMOUNT	TYPE											
1933	1000.00		July 10	1000.00	270				Natl Bank of Commerce in	Memphis Tenn						
1935	1000.00		11 17	1000.00	52											
	2000.00			2000.00												

NATIONAL BANK CURRENCY ISSUED										BALANCE (Carrying in hand)	NATIONAL BANK CURRENCY RETURNED AND DESTROYED							BALANCE (Carrying outstanding)
DATE	AMOUNT	TYPE	DATE	AMOUNT	TYPE	DATE	AMOUNT	TYPE	DATE		AMOUNT	TYPE	DATE	AMOUNT	TYPE			
1933	3000.00	270	12800															
1935	16000.00	3600																

after they opened: Charter 11397, Tonkawa, Oklahoma, waited since 1919; Charter 12801, Hugo, Oklahoma, waited since 1925; and Charter 13246, Bolivar, New York, waited since 1928. These bankers most likely took advantage of the 1913 Federal Reserve Act provisions that permitted National Banks to cede their circulation privilege to the Federal Reserve banks rather than manage their own circulations.

For whatever reason, these bankers decided in late 1934 or 1935 to purchase bonds and issue notes, just before the National Currency era ended. The Currency and Bond Ledgers show conclusively that these banks did not make any unusual deposits of lawful money in order to avoid reporting taxable circulations, they simply began their note issuance too late to be included in the Comptroller reports. Van Belkum, in 1968, could not have known this until he moved from the Comptroller reports to the Currency and Bond Ledgers.

The other 6 banks had more complicated circumstances for not reporting circulations. These are discussed below individually.

Bond Sales Account for Some "No Circulation" Reports

Charter 14032, Lansing National Bank, was organized January 24, 1934, and received its charter in February. The first notes arrived in a single shipment sent June 5, 1934, a shipment that consisted of \$250,000 in Type 2 \$10s and \$20s. However, the bankers sold their bonds on September 21, 1934, to the Federal Reserve System, permitting the Federal Reserve to assume the circulation in accordance with Federal Reserve Act (December 23, 1913, c. 6, §18, 38 Stat. 268). As a result, the bankers had no outstanding liability for their notes when calendar year 1934 ended, and thus had no circulation to report despite the large number of notes issued. There are 23 notes from the bank known in the Kelly 2005 census, one of the larger known figures among the "no circulation" banks.

The National Bank of Commerce in Memphis Holds its Notes

Another great insight into circulation reporting comes from the actions of the bankers at Charter 13681, the National Bank of Commerce, Memphis, Tennessee. The bank was organized and received its charter in April 1933.

The National Bank of Commerce in Memphis received \$1 million in National Bank Notes in September 1933. However, the right hand portion of the ledger showing redemptions of worn notes is entirely blank, clear indication the notes were withheld from circulation until after redemption reporting ended in July 1935. The 4 surviving notes known today reveal the bank eventually released the notes into circulation.

Bonds totaling \$1 million were deposited in September 1933, and the bankers quickly received a cool million dollars in Type 2 \$50 and \$100 National Bank Notes. Van Belkum (1968) reported no circulation for Charter 13681, whereas Kelly (2004) reported the “out in 1935” amount as the full \$1 million in notes. What was going on?

The Currency and Bond Ledger for the bank is revealing: not a single note was redeemed from circulation between the September 1933 delivery and the close of the national era in July 1935. If these notes had been placed in circulation, at least some of them would have found their way to the redemption bureau. It is clear that the bankers held their \$1 million in Nationals for at least two years before releasing them, and never reported the notes as circulating. This leads into another interesting facet of reporting circulations, namely that there were two working definitions for “circulation.”

The predominantly accepted definition for “circulation” was the face value of notes issued against the deposit of bonds and shown as outstanding on the books of the Comptroller of the Currency. In the case of the National Bank of Commerce, this amount was \$1 million. However, given the ambiguity of the regulations surrounding circulation reports, some bankers employed an alternate “circulation” definition and reported only the actual value of notes outside the bank or “on the street.” (Pratt, 1933, pp. 189-190).

A dramatic case of holding notes and reporting only the notes on the street as circulation occurred with Charter 2566, The First National Bank of Butte, Montana (“The Startling Case of the First National Bank of Butte, Montana,” *Paper Money*, May/June 2006). The bankers at the National Bank of Commerce in Memphis evidently took the same measures in order to avoid the tax liability of a million dollars in Nationals on the street. Because 4 notes are known to collectors today (Kelly 2005 census), it is apparent the bankers let their notes loose once their bonds were redeemed in July 1935 and the liability for the notes became the responsibility of the Treasury.

Bank Liquidations Impacted Reported Circulations

The Prange National Bank of New Douglas, Illinois, Charter 13696, was organized and chartered in May 1933. The bank received its first notes in February 1934. The president and cashier of the bank were A.F. and W.W. Prange. They had bonds backing a circulation of \$25,000, and issued a total of \$28,630 in notes, counting the replacement notes issued for worn and unfit redeemed notes. However, the bank was placed into voluntary liquidation on December 10, 1934. Rather than submit a 1934 year-end report of condition to the Comptroller, the bankers submitted liquidation paperwork and thus had no circulation to report.

Incidentally, A.F. and W.W. Prange did not leave banking altogether, as they soon started Charter 14285 in nearby Mount Olive, IL. They apparently had a knack for issuing notes without reporting circulations, as their Mount Olive National Bank also appears on **Table 3** as another “no circulation” bank.

Another liquidating bank that reported no circulation was Charter 13540, Linden National Bank, New Jersey. Linden’s case was far more complex than the Prange National Bank case. The Linden National Bank was organized April 14, 1931, and received its charter later that month. It assumed the \$111,920 in outstanding circulation of the Linden National Bank and Trust Company on November 8, 1931. Shortly thereafter, in two deliveries occurring December 8 and December 17, 1931, it received the entirety of its own Nationals totaling \$97,440.

However, just as its own notes were arriving, the Linden National Bank management voted to liquidate the bank. The Comptroller recorded the voluntary liquidation on January 21, 1932, and recorded the sale of the bonds backing

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A RECENT GENEROUS BEQUEST TO SPMC BY a deceased member Forrest Daniel will doubtless benefit members for many years as SPMC Governors determine how to use the income from those funds. It was Mr. Daniel's desire that the Society he long labored for and esteemed would continue to grow and benefit its members.

However, EVERY member has the opportunity annually to contribute to two excellent SPMC projects when they receive their annual dues/contribution envelope in our Sept/Oct issue. Each reader should have received such an envelope in this issue. Of course, this modest check off envelope allows annual members to "re-up" for the coming year, but also allows BOTH annual and Life Members an easy way to assist the Society in a meaningful way.

Although our Society doesn't "hard sell" these solicitations like many other groups do, both George W. Wait Memorial Fund and D.C. Wismer Memorial Fund are important to the life of SPMC and its members. Annually our George Wait Memorial Prize, which honors a founding member who was instrumental in our early book publishing programs, provides a grant for an author(s) working on a future reference book for the paper money community. The Wismer Fund, named for pioneering obsolete note cataloger, assists publication of our state-by-state obsolete note and scrip books.

In 2005 contributions to the Wait Fund were \$477.50; Wismer Fund, \$532.50; and unspecified donations, \$460. Donations for 2006 are Wait Fund, \$315; Wismer Fund, \$365; and other purposes, \$1000 in addition to Daniel's \$10,000 bequest.

SPMC thanks all who have contributed to these worthy projects. They include Joseph Adamski, Gary Anderson, Richard Anderson, Paul Andrews, David Balkwill, David Berridge, David Bossert, F. Carl Braun, Mark Campbell, James Carlson, Tom Carson, Bert Cohen, Howard Cohen, James Cohen, Dean Paul Davis, Jim Davis, Donald DeKalb, Celeste DeZan Jr., George Decker, Cliff Dietrich, David Eaton, G.B. Eddy, Donald Farr, John Ferm, Glenn Fische, Paul Fisher, William Frey, Robert Galiette, Dustin Gibson, Donald Gilletti Jr., John Glynn, Robert Goller, Ronald Gustafson, Ronald Hamm, Emmett Haralson, Coleman Hartigan, Randy Haynie, David Hinkle, Richard Horst,

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the entirety of the bank's assumed and own circulation. This is an interesting case because the bankers had their notes on the street, including the assumed circulation from the Linden National Bank and Trust Company plus notes from their own December 1931 shipment, but still didn't report any taxable circulation. Obviously, they made the decision to liquidate in December, filed the liquidation papers, and therefore made no 1931 year-end report of condition despite having notes on the street. Linden National Bank notes are a rare find – only 3 notes are in the Kelly 2005 census, and all are G or G/VG condition.

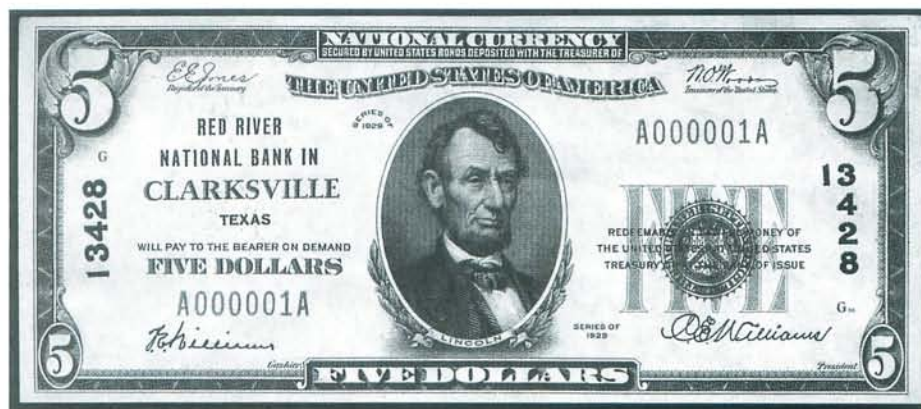
Two Unusual Situations in Texas

The last two banks "None*" banks are both from Texas. Charter 13562, Colorado National Bank in Colorado, Texas, was organized July 6, 1931, and closed February 27, 1932 by being consolidated with the City National Bank of Colorado. Despite its short existence, Charter 13562 saw some lively circulation activity, and is one of the most interesting "None*" bank stories. After opening in July 1931, in early September the bankers assumed the \$25,000 circulation of Charter 2801, The Colorado National Bank. In October, the new Colorado National Bank began receiving small deliveries of notes representing replacement notes for the unfit currency redeemed from the assumed charter, and some redemptions from its own meager issuances. The result was only \$6,300 in notes were issued under its own name, all being Type 1 \$10 and \$20 notes. Not a single note from Charter 13562 is reported, making it one of three "None*" banks with no known survivors.

Why didn't Colorado National Bank in Colorado report any circulation at the end of 1931? Clearly it had notes outstanding between its first note issuances in October 1931 and its consolidation with City National Bank in February 1932.

The answer is found in the 1931 year-end report of condition filed by the bank. That strange report said the bank had no bonds, no assets, and no circulation. The bankers were in the process of preparing for the merger with the City National Bank, and had sold their bonds in December. Consequently, the outstanding notes were the liability of the Treasurer, and the bankers had no liability for the 1931 year-end report.

Red River National Bank in Clarksville issued just \$12,600 in notes. Serial Number 1 notes account for 18 of the 19 reported notes today. (Photograph courtesy of Heritage Auctions/Currency Auctions of America)



The final "None*" bank to discuss is Charter 13438, Red River National Bank in Clarksville. The Red River National Bank in Clarksville was organized February 17, 1930, and assumed the \$60,000 circulation of Charter 4982, the Red River Bank of Clarksville, on April 8, 1930. In May 1930, the new bank received \$6,600 in replacement notes for a sizeable redemption of Charter 4982 Nationals. On July 21, 1930, another delivery of replacement notes was sent after redemption of \$6,000 in large and small size notes from Charter 4982. The \$12,600 sent in replacement notes turned out to be the only notes issued with the new title.

On July 30, 1930, the bankers sold their bonds to the Federal Reserve and ended their circulation liability. In 1932, when Red River National Bank assumed the \$20,000 circulation for the First National Bank of Avery, lawful money covering that bank's circulation was deposited, precluding Red River from any obligation to report that circulation.

Notes from Red River National Bank in Clarksville are great to collect. The \$5, \$10, and \$20 serial number 1 sheets apparently were saved by Col. Green, and then salvaged from the Green estate by William Philpott. Those three sheets now have been cut, and they account for 18 of the 19 notes known in the Kelly 2005 census. A lone circulated \$20 note survives from the replacement notes put on the street by the bank, a telling insight into just how completely a small issuance of \$12,600 could be consumed.

Conclusion

Van Belkum's lesson from 1968 still stands today: just because a bank did not report any circulation did not mean it could not have issued National Bank Notes – 27 such banks in the small size national era did just that. Why they did this depended on the special circumstances at each bank. We now know that 21 of the 27 “no circulation” banks simply began their note issuance in 1935, too late to report year-end circulations. We also know the other 6 banks avoided reporting because they eliminated their taxable circulation liability, either by selling their bonds or closing the bank prior to the end of the reporting period.

This story emphasizes that collectors should continue to be cautious in making rarity assessments using circulation data from any single reference source. Van Belkum (1968) is outdated for the “None*” banks.” The Comptroller of the Currency annual report supplements show taxable circulation amounts that may or may not reflect the notes a bank put on the street, and one needs several successive years of reports to see if bond sales may be masking true note availability (see Huntoon, 1995, pp. 260-265). Hickman/Oakes and Kelly show amounts outstanding at close, or outstanding in 1935, neither of which may be the taxable circulation amounts, or even the notes the bank had on the street. One should distill the circulation-related data from all the above sources before making final judgment upon how many notes a bank had circulating on the street.

Many collectors have sought notes from the 14000 Charters as their collecting goal. The 27 “None*” banks would make another interesting goal, not to mention a challenging one. As shown on Table 2, only 10 of the banks have 10 or more notes known today, and 13 of the banks are truly quite rare with less than 5 notes known each, including 3 that are unknown in the Kelly 2005 census.



An uncut sheet of Red River National Bank in Clarksville, Texas \$5s before cut to satisfy desires of multiple collectors. (ex-Green, ex-Philpott, ex-Heritage/CAA Sept. 9, 2004, lot 17362)

Acknowledgments

Peter Huntoon's tremendous expertise and manuscript suggestions were invaluable. Wayne DeCesar of the National Archives assisted my search for certain ledger pages for closed banks in the Currency and Bond ledgers. Finally, this article was written with great appreciation for Louis Van Belkum's work in the Currency and Bond Ledgers at the Archives. I would also like to thank Heritage Auctions for permission to publish several of the photographs accompanying this article including the uncut sheet of Red River notes.

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IN HIS CLASSIC STUDY OF AMERICA'S SMALL CHANGE, Neil Carothers chronicled how surprisingly difficult it was for 19th century American authorities to establish a circulating medium—coin or paper—that served the modest, yet pervasive, needs of everyday commerce. The inconveniences and disruptions occasioned by the Civil War-era Fractional Currency, vividly illustrated in the January 2006 pages of *Paper Money*, represent the high (or low!) point of this turbulent history.

Yet the story of Fractional Currency does not end with its official retirement in 1876. The continued need for some cheap and convenient method for sending money by mail was only partly met by the short-lived Postal Note (1883-1894). After the 1880s proposals regularly surfaced in Congress for new emissions of Fractional Currency, either through the Treasury Department or the Post Office. Of particular note was Charles W. Post's ingenious "post-check" system, which commanded the attention of Fractional Currency advocates between 1900 and 1905.

A Postscript to the Postal Note: Fractional Currency Schemes After the 1890s By Loren Gatch

Collectors recognize six types of Postal Notes:

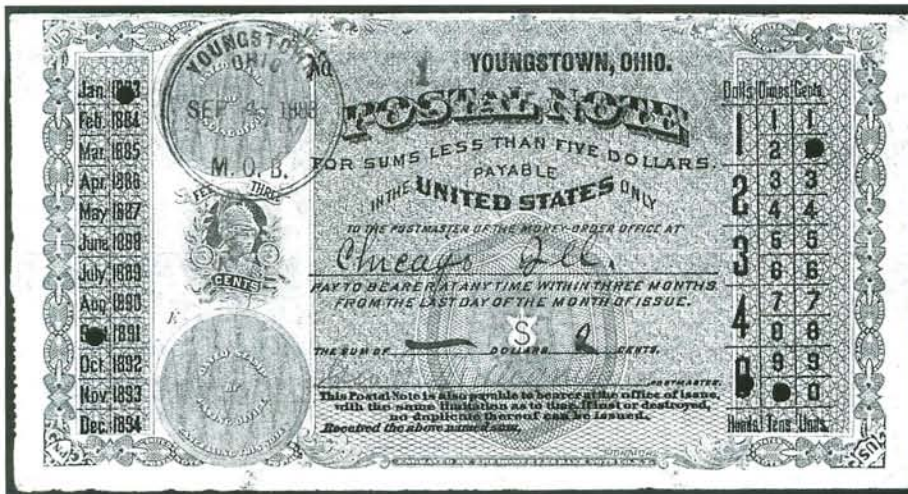
- **Type I:** Engraved and printed by the Homer Lee Bank Note Company; printed on yellow paper.
- **Type II:** Engraved and printed by the Homer Lee Bank Note Company; printed on creamy white paper; the paying city is hand-written.
- **Type II-A:** Engraved and printed by the Homer Lee Bank Note Company; rubber-stamped or hand-written "ANY MONEY ORDER OFFICE" appears on the paying office line.
- **Type III:** Engraved and printed by the Homer Lee Bank Note Company; "ANY MONEY ORDER OFFICE" engraved in straight line.
- **Type IV:** Engraved and printed by the American Bank Note Company.
- **Type V:** Printed by Dunlap & Clarke of Philadelphia.

The Rise and Fall of the Postal Note

Fractional Currency may have been a nuisance to the public and a burden for the Treasury, but for one purpose it proved superior: the sending of remittances through the mail. Indeed, banks saw fit to hold balances of such notes for that reason as a convenience for their customers. For unbanked populations, particularly in rural areas, money orders represented the only safe way to send funds. Yet these were expensive, time-consuming to purchase, and only available at designated post offices.

Thus, to make small payments people resorted to sending stamps (these were not, in any event, redeemable at the post office and had to be used as postage, or sold by the receiver at a discount) and even coins, which led to the common problems of wet and spoiled stamps and even loose change escaping envelopes.

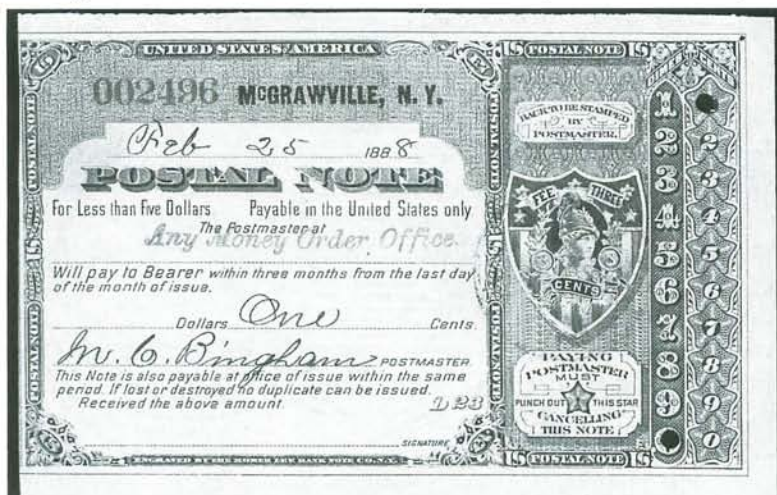
The Post Office itself recognized the need for a better way, and in 1883 Congress obliged by creating the Postal Note. Patterned after the British example, the Postal Note offered its purchasers -- for a three-cent fee the plus face value -- a note in denominations ranging from one cent to \$4.99. Payable to bearer but only at the post office specified by the remitter, the specific denomination of each note was created by punching the appropriate hole in each of three columns designating the dollar amount, the ten cent increment, and a final column for cents from one to nine.



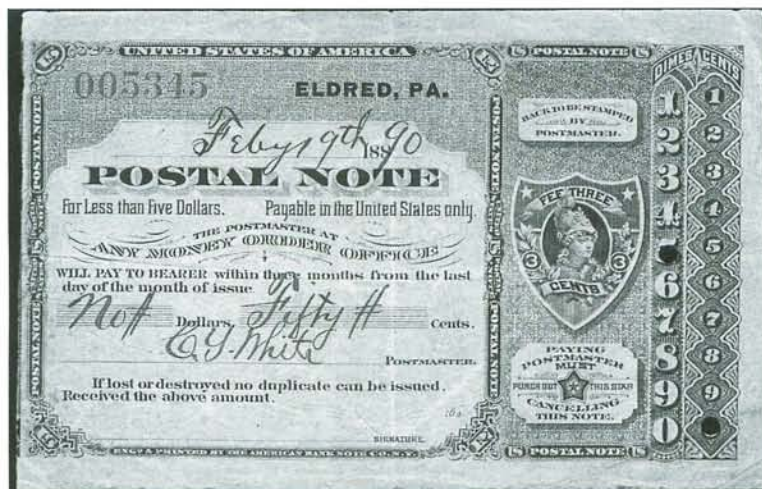
Type I Postal Note payable at a specific post office.

In 1886, the House Committee on Post-Office and Post-Roads reported approvingly on amending legislation to make these notes payable at any money-order issuing post office, and to widen the issuers of notes to include small-town post offices that did not then offer money-order services.

These same amendments were duly passed the following year, enhancing the negotiability of Postal Notes, but also creating the problems that led to their demise. Payable to bearer and cashable at many post offices, the Postal Note gave for its three-cent fee no more security than an ordinary banknote.



Type II-A Postal Note payable at "any money order office," rubber stamped.



Type IV Postal Note payable at "any money order office," printed.

By 1891 Post-office inspectors foresaw the abandonment of the Postal Note, and its replacement by a cheaper version of the money order. Recognizing the need for something better than the Postal Note, the nation's postmasters at their 1892 convention called for a series of standard fractional denomination notes, to be sold at face value, valid for only 60 days and cancelled upon payment in U.S. funds.

Inexpensive, convenient, and free of paperwork, the Postal Note's currency-like attributes also brought with it some corresponding disadvantages. As a bearer note, it offered no security if stolen. If lost, no duplicate could be obtained, and if sent without any advice, wayward notes could not be easily matched to the transactions they funded. As the Postmaster-General reported to Congress in 1893, "this insecurity of the Postal Note gives rise to dissatisfaction and complaint on the part of the public, and seriously diminishes its usefulness as a means of transmitting small sums by mail."

Prodded by the Dockery Commission's report on executive departments, Congress abolished the Postal Note in January 1894, replacing its services with a cheaper, three-cent money order for amounts up to \$2.50. As the *New York Times* wrote of the old notes that July, "[t]hey were, in short, a sort of Fractional Currency. The Postal Notes were a source of trouble to the Post Office officials. They were like so many 'shin plasters' lying around the office, and frequently they disappeared. Clerks stole them out of the backs of their books. It was necessary for the officials always to keep a close eye on the Postal Notes."

Despite its brief life, the Postal Note continued to inspire schemes for a Fractional Currency, both as a means of remittances and as an inflationary expansion of the money supply.

Populist Proposals for Fractional Currency

As monetary reformers, the Farmers' Alliances of the 1880s and the Peoples' (Populist) Party of the 1890s are remembered for their advocacy of currency expansion against agricultural staples and the free coinage of silver. Less well known was their support for Fractional Currency, which the Alliance movement placed in its St. Louis platform in 1889. Between 1885 and 1895, rural lawmakers offered 20 bills that sought either some kind of Postal Currency or new emissions of Fractional Currency.

Most of these never received a hearing, though in the 50th Congress the House Committee on Banking and Currency did report a bill favorably, on the grounds that the current Postal Note system did not meet the needs of rural remitters. Favorable petitions to that committee from rural organizations were balanced by a hostile minority report that rued the expense to the Treasury of issuing Fractional Currency. In addition, it was contended, millions of dollars would be lost to the public as Fractional Currency wore out, fell apart, or went missing.

In floor debate, Rep. Samuel Cox (Democrat, NY) inveighed against the re-emergence of "the old, rotten, small-pox fractional paper currency." Nonetheless, the bill passed the House, though it received no consideration from the Senate. Four years later, in 1892, Rep. William A. McKeighan (Populist, NE) proposed a bill to abolish the Postal Note, and replace it with a Fractional Currency denominated in 5, 10, 25, 50, and 75-cent units. Unlike the old Civil War era notes, these would not be legal tender, but redeemable in "lawful money."

Debate on this bill brought out fears of the notes' security. As Rep. Henry Bingham (Republican, NY) warned, "carry out the idea and you will flood the country with a Fractional Currency, and by putting it into your mails you will make the postal employees of the Government dishonest or tempt them to be so." Senator James H. Kyle (Populist, ND) offered an identical plan, except that the notes would be legal tender up to one dollar. As with the other

Fractional Currency bills over the previous decade, this one too never came to a vote in the Senate.

C. W. Post's "Post Check" Plan

If Populist monetary nostrums could not produce a workable Fractional Currency, the demand remained for some sort of remittance device for small amounts that would be cheaper and more convenient than the money order. At the turn of the 20th century, the personal check was not yet the ubiquitous instrument it would later become; moreover, check clearings frequently occurred at less than par, meaning that banks would charge depositors for the service of collecting on out-of-town checks. Yet, with the advent of rural free delivery and the new fashion for mail order purchases, the lack of a convenient yet secure means of effecting small payments grew as a problem.

As one newspaper reported,

"in the great majority of cases, remittances are postponed or abandoned altogether in the case of those who desire to make purchases by mail or send subscriptions to publishers; and when remittance cannot be avoided, recourse is had to private checks on inland banks, subjecting the receiver to an expense of perhaps ten to fifteen cents for their collection; or to silver pieces placed in holes cut out of cardboard; postage stamps, which are usually stuck fast to the letter, and charms the recipient who has to soak them off and sell them at a reduction."

In 1898, Charles W. Post, the cereal magnate of Battle Creek, Michigan, began a campaign to reintroduce Fractional Currency to the nation's commerce. Better known as the producer of the Postum beverage, Post devoted years to promoting his scheme for a fractional note that could function either as currency or as a check. Patented by Post, he generously offered up his rights to the plan if the government would only put it into effect.



C.W. Post's Post-Check Note

Issued in denominations from five cents to five dollars, Post's proposed notes featured blank lines where a payer might fill in the name and address of a payee. As long as these lines remained blank, the note circulated as currency. But once filled in, signed by the payer and affixed with a two-cent stamp purchased from the post office, the currency note would be converted into a check suitable as a remittance—and immune to theft—through the mails. The payee could then cash his check either at his post office or deposit it at his bank. In either case, the cancelled post check would return to the U.S. Treasury for its replacement (as if it were mutilated currency) by a fresh, blank note. Unlike the hassle of money orders and even Postal Notes, with the "post-note", according to its inventor, "[e]ach individual is his own clerk, and is required to do no waiting, nor subject himself to any inconvenience in procuring a safe form of transmissible money."

An enthusiastic reformer, Post saw nothing but advantage from his plan: small remittances would be encouraged to the public's safety and convenience; the expense of government accounting that plagued money orders would vanish; and with revenue generated by the sale of stamps the "post-check" notes would pay for themselves. The post-check idea rapidly found favor with farm

groups, who promoted a cheap remittance system along with other postal reforms like rural free delivery and parcel post. Newspaper publishers liked it as a more reliable way to pay for subscriptions, as did any business dependent upon mail order traffic. Stoked by C.W. Post's publicity efforts, small-town editorialists around the country echoed the inventor's call for the new circulating medium.

In 1900, bills introduced by Sen. James McMillan (Republican, MI) and Rep. John J. Lentz (Democrat, OH) proposed to replace the existing circulation of \$1, \$2 and \$5 notes with such post-check notes, and to replace \$50 million in \$10 notes with fractional post-check notes from five to fifty cents. Notes above \$1 would require a two-cent stamp; fractional notes would require a one-cent stamp. Buoyed by the favorable attention given his plan, Post reprinted the text of their bill, along with endorsements from business interests and sample depictions of his currency, in a pamphlet for national distribution.

Post's ideas gained another ally in 1902, when Sen. McMillan joined with Rep. Washington Gardner (Republican, MI) to introduce a bill providing for a Postal Currency in \$1, \$2, and \$5 denominations convertible into checks with the affixing of a two-cent stamp, with an additional \$75 million issue of Fractional Currency. A 1903 Report of the House Committee on the Post-Office and Post-Roads examined the McMillan-Gardner plan in some detail.

In addition to the Fractional Currency aspect, these versions of Post's plan raised the stakes by proposing to replace a significant portion of the nation's circulating currency (essentially, its small-denomination Silver Certificates and Treasury Notes of 1890, the so-called Coin Notes) with new notes enjoying a conversion privilege into checks.

A joint report on the proposal issued by a committee of Post Office and Treasury officials in 1902 split on predictable lines. Post Office officials favored the post-check as a convenience to small remitters, whereas Treasury feared that the conversion of notes to checks would cause an uncontrollable contraction of the currency. Within the Post Office, the Superintendent of the Money Order System, whose business undoubtedly would have been diminished by the post-check, joined Treasury officials in opposition to the measure.

If sheer popularity foretold the success of an idea, then C.W. Post's post-check ought to have become law. Postmasters-General regularly announced their support for some sort of Postal Currency to replace the old Postal Note. Prompted by the rural press, farmers wrote their congressmen in support of the McMillan-Lentz and McMillan-Gardner bills.

For their part, business interests and other groups dependent upon small remittances—publishers, mail-order houses, and fraternal organizations—praised postal currency as an improvement over the sticky wads of stamps, loose coins, and vulnerable bills they frequently received.

Indeed, Post Office Auditor Henry A. Castle, who signed a minority opinion in the joint report of 1902 favoring the post-check, stressed his concern over the theft of, and black market for, postage stamps, and saw no reason why a post-check system could not be expanded to \$10 and \$20 denominations.

Grateful for such support, C.W. Post later hired Castle away from the government to work on his post-check campaign. In addition, as noted in the 1903 House Report, "through the continual reissue of bills the small currency of the country would be kept uniformly bright and clean." This was no mere aesthetic concern. The growing awareness of germs in early 20th century America prompted concern over the unhealthful qualities of money. As one endorsement of the post check asked,

"what can be more unhygienic than old, worn, greasy paper money, passing from hand to hand among all classes and conditions of men? Time and again they have been examined and found literally to swarm with bacteria. . . .Businessmen universally endorse [the post-check]. It now remains only for



C.W. Post

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the medical profession and all who desire clean, healthful money to see its many good, time-saving, money-saving and health and life-saving qualities..."

A second set of hearings in 1906 for yet a third version of this plan, sponsored by Gardner and Michigan's other senator, Julius Burrows, brought Post Checks back before Congress. Although shorn of its Fractional Currency feature, this version also encountered bureaucratic objections. Loath to get involved again with Fractional Currency, the Treasury Department also balked at surrendering its control over the volume of currency for the mere convenience of remitters. Moreover, it was contended, all the burden of reissue would be borne by the Treasury, while stamp revenue would accrue to the Post Office.

The press had little patience for such arguments. As for any burdens on the Treasury, the *Ohio Farmer* sneered, "the clerks and employees now swing their heavy pens and hammer their typewriters eight long hours every day, and it would be outrageous to increase their burden, merely to add to the convenience of all the people in sending money by mail." Indeed, the paper objected to any retreat from the Fractional Currency feature of Post's original plan.

Nonetheless, the bureaucratic obstacles to such cooperation would have been formidable. The Treasury Department resisted in particular the reissue of Fractional Currency. Ellis H. Roberts, Treasurer of the United States and chair of the 1902 joint committee that reported against the post-check, dismissed any "restoration of this mosquito money, with the addition of the offensive device of rendering it payable to order, for remittance by mail."

Editorialists hinted at opposition to the post-check from the Post Office's own Money Order Bureau, which would face the loss of much of its business. C.W. Post, who could not understand why a good and popular idea would not become law, also encountered resistance from private interests. Local retailers did not relish the added competition from convenient mail orders. Express companies, competitors of the Post Office which ran their own remittance businesses, were natural enemies, while some bankers objected to the government expanding its checking business at the expense of their own exchange operations.

More nefarious, Post found out, were the activities of Thomas C. Platt, the aging but redoubtable Senator from New York, who also happened to be president of the United States Express Company. Convinced that Platt had stymied his ideas in the Senate, Post sought to have Platt removed from office. While unsuccessful, Post later received some vindication when a scandal broke that Platt had actually paid contacts within the Post Office for information on the 1902 joint Treasury-Post Office report.

While Post's "post-check" idea never became a reality, the promise of some sort of post currency remained alive. In 1906 Postmaster General Cortelyou pressed his own proposal for a Fractional Postal Currency in denominations ranging from 10 to 90 cents, and then in 50-cent increments up to \$2.50. Notes would not be negotiable, and would become invalid three months after issue. While customers would pay from one to two cents for these denominations, a second set of notes ranging from one to nine cents, used to make odd sums, would be sold at face value. In this way exact amounts could be remitted without the inconveniences of coins or stamps.

After Cortelyou became Secretary of the Treasury, his successor Meyer continued to promote the idea, now in the larger context of establishing a postal savings bank. While the latter came to fruition by 1910, the Postal Savings System functioned as a bank of deposit and not of issue, despite proposals that its savings certificates serve as a medium of exchange, similar to clearing house certificates, during financial emergencies.

Why, despite years of popular pressure, did Fractional Currency never return to American purses and wallets? Resistance from the Treasury to repeat



C.W. Post and daughter Marjorie

On This Date in Paper Money History -- Sept. 2006

By Fred Reed ©

Sept. 1

1781, Continental Congress publishes *Table of Currency Scale, Paper Money to Silver*; 1903, U.S. ships first small size Philippine peso notes to Manila; 1975, Chile exchanges 1,000 escudos for one new peso;

Sept. 2

1937, Princeton, KY Tobacco Festival issues wooden nickel flat; 1958, Act of Congress amends Section 474, Title 18 U.S. Code to provide for limited printing and filming of U.S. and foreign obligations and securities;

Sept. 3

1866, Treasury Department approves Laban Heath using certain "cuts" for his counterfeit detectors; 1947, Chicago Coin Club members view film *The Story of Money*;

Sept. 4

1841, Third Bank of United States closes doors; 1952, Numismatic novelist Laurence Dwight Smith dies; 1980, NASCA auctions Lyn Knight's obsoletes and ad notes;

Sept. 5

1835, Treasury Secretary John Carlisle born; 1927, Fed Chairman Paul A. Volcker born; 1986, Dire Straits "Money for Nothing" wins MTV Music Award;

Sept. 6

1777, U.S. Treasurer Michael Hillegas (FR 1167-1173) appointed; 1893, Plate Printers Union of America unites 350 plate printers in D.C., Boston, NYC, Philadelphia;

Sept. 7

1945, Special Allied Military yen notes issued for Korea, 1850, San Francisco private bank of Naglee & Sinton suspends operations in face of bank run;

Sept. 8

1664, Dutch Governor of New Netherlands Peter Stuyvesant, who appears on obsoletes, surrenders New York to British; 1862, first day of issue for Postage Currency at New York City, 1865, First National Bank chartered in Oregon (FNB Portland #1553);

Sept. 9

1890, Comptroller of Currency orders overprinting of charter # in upper right corner on Series 1882 Brown Back faces; 1864, College currency issuer Harvey Gridley Eastman patents his school room design; 1953, last delivery Series 1950 \$100 FRNs,

Sept. 10

1835, Encased stamp issuer Evansville, IN merchant Henry A. Cook born; 1930, Smithsonian Institution mounts "Liberty" exhibit; 1943, Abe Kosoff's Numismatic Gallery sale of Michael F. Higgy Collection ushers in modern numismatic market;

Sept. 11

1850, European songstress Jenny Lind, who appears obsoletes, makes U.S. debut; 1911, keel laid down on USS New York (BB 34), shown on Battleship Note, large size \$2 FRBN; 2001, Stack's postpones auction sale due to tragic events of that day;

Sept. 12

1818, Tombeckbe Bank at St. Stephens, Alabama Territory, opens; 2002, BEP resumes public tours after one day observance of events of 9/11/01;

Sept. 13

1862, Treasury Secretary Chase OKs new sealing and trimming machines; 1982, Currency Exchange Program computer program by Jacques P. Evans copyrighted; 2004, Princeton University Library names Alan Stahl Curator of Numismatics;

Sept. 14

1923, D.W. Valentine's Fractional Currency book in press; 2001, Robert Hoge assumes duties as ANS Curator of American Coins & Currency;

Sept. 15

1837, City of Trenton, NJ issues scrip for 12 1/2-, 15-, 25-, and 50-cents; 1940, mob crime drama *Crooked Money* (a.k.a. *While Thousands Cheer*) debuts;

Sept. 16

1861, British Post Office Savings Bank opens; 1861, New Orleans banks suspend payments; 1892, Alabama Governor Thomas H. Watts, who appears on state notes, dies;

Sept. 17

1868, Bureau of Engraving and Printing becomes official title for the currency production bureau; 1960, Cuba nationalizes U.S. owned banks, 1970, U.S. Treasurer Dorothy Andrews Elston marries Walter Kabis creating new currency signature;

Sept. 18

1737, Collector and artist Pierre Eugene du Simitiere born; 1879, Philadelphia and Reading Rail Road Co. issues "Wages Certificates";

Sept. 19

1881, James A. Garfield, who said "whoever controls the volume of money is absolute master," dies; 1884, Neil Carothers, author of *Fractional Money*, born;

Sept. 20

1877, Chase National Bank opens in NYC; 1996, European Monetary Institute receives Euro banknote competition designs;

Sept. 21

1832, Bank of Scotland currency subject poet Sir Walter Scott dies; 1867, Register of Treasury Stoddard Colby dies; 1974, Virginia currency author Charles J. Affleck dies;

Sept. 22

1789, Office of Postmaster General is established within the Treasury Department; 1983, Regan-Ortega combined tenure begins; 2000, Currency Auctions of America sells the Michael J. Sullivan Collection of bank histories;

Sept. 23

1852, Artist John Vanderlyn, whose painting *Landing of Columbus* appears on First Charter \$5 NBN backs, dies; 1956, *United States Notes* author Wayte Raymond dies,

Sept. 24

1755, Chief Justice John Marshall (FR 372-375) born; 1924, Inventor Elizabeth Magie Phillips patents enhanced board game, forerunner of *Monopoly*;

Sept. 25

1981, Bob Medlar auctions Glen Smedley paper money collection; 2004, Oregon group circulates "River Hours" scrip in Columbia River gorge area;

Sept. 26

1778, Continental Congress appoints Treasury seal design committee; 1820, Daniel Boone, who appears IL and KY notes, dies; 1996, U.S. Department of Justice charges Ponterio & Associates with bid-rigging at Christie's ABNCo archives auction;

Sept. 27

1840, Political cartoonist Thomas Nast, who created "Rag Baby" image for greenback inflation, born; 1912, Asst. Treasury Secretary Sherman Allen presents collections of CSA notes to public libraries;

Sept. 28

1919, Harold Lloyd-Bebe Daniels screen comedy *Soft Money* debuts; 2000, BEP awards \$25.4 million contract to De La Rue Giori to implement sheetfed perfecting offset press technology;

Sept. 29

1547, Author Miguel de Cervantes, honored on a Spanish 100-peseta note, born; 1946, Philadelphia Federal Reserve Bank President Anthony M. Santomero born; 2004, Canada releases its newlook \$20 note;

Sept. 30

1913, End of Napier-Burke combined tenure as Register and Treasurer; 1970, American Revolution Bicentennial Administration urges Bicentennial back for proposed New Two; 2002, first Mexico polymer note;



the experiences of Civil War “shinplasters” must be part of the explanation. Association of Fractional Currency with the monetary radicalism of the Populists may have tarnished its reputation.

Finally, the establishment of the Federal Reserve System in 1913 may have indirectly contributed to the dwindling of interest in Fractional Currency to the extent that the new central bank imposed par collection practices on the nation’s banks. Once payees no longer faced the nuisance of collection charges against out of town checks, the increased use of checks for small transactions may have blunted popular demand for fractional paper notes.

Carothers notes a brief interest in fractional paper as a result of coin shortages during World War I; the imposition of state-level sales taxes during the 1930s produced yet another call for federal fractional notes. Ultimately, though, the relentless grind of monetary inflation over the decades has worn down the value of our mighty dollar; reducing it, in effect, to its own *de facto* shinplaster. ❖

Past President Ron Horstman steps down after decades of service on SPMC board

HONORARY LIFE MEMBER AND LONGTIME Society officer and board member Ron Horstman has stepped down from active service on the Board of Governors following two decades of contributions to the organization.

Ron, who will remain active as chair of the Society’s important Education Committee, elected not to seek another term on the board in the recent SPMC elections. His position was filled by former board member Wendell Wolka, President Benny Bolin has announced.

Horstman (SPMC # 1526, LM #12) was elected to the SPMC Board during the term of President Larry Adams in 1987 serving continuously until the present. During this period he also served as President 2003-2005, New Member Coordinator (1981-1995), Member Recruitment Chairman (1987-1995), Nominating Chairman (1989-1993). He has twice been our top recruiter for the year.

Ron also has been active with his pen, receiving third place Literary Awards in 1988 for “Demand Notes at St. Louis” (issue #132), and 1989 for “The First Greenbacks of the Civil War” (issue # 135). Most recently in 2004 he was accorded our top literary prize for his excellent biography of a remarkable Missouri banker, “The Life and Hard Times of Ed Mays,” published in our May/June 2003 issue of *Paper Money*. In all Ron has contributed about two dozen feature articles to this magazine, as well as his “President’s Column” during his term of office.

As many know, Ron is specialist in paper money of his home “Show Me” state of Missouri. He has been working on a book on Missouri notes of all types for several years which promises to be a fine contribution to our currency literature when published.

In his current position as Chairman of the Education Committee, Ron and fellow committee members are charged with developing and administering the Society’s grant program. In recent years in addition to our George W. Wait Research Grant for book length projects, the

Society has annually awarded grants up to \$500 for other specialized research. Grants have funded projects by Peter Huntoon, Neil Shafer, the Editor (see p. 395) and others.

A coin collector originally, Horstman was turned on to paper money when he discovered a HAWAII note in circulation. When he learned about hometown nationals, his interest soared. Joining SPMC in 1965, Ron attended the 1970 ANA show in St. Louis, where he met “Mr. Phil” William Philpott and purchased two First Charter Nationals from Amon Carter. Ron also credits his friend John Hickman for supporting his paper money interests, and assisting him in growing his collection.

Ten years later at the Cincinnati ANA, Ron spent some time with Tom Bain manning the SPMC table at the show. The association with the high strung Bain must have rubbed Horstman positively because the next year Ron became the Society’s New Member Coordinator -- and the rest, as they say, is history.

During his time on the board, Ron has been instrumental in assuring that our Life Membership fund has been properly secured. During his administration as President, the Society launched a far reaching overhaul of our awards program for the first time in more than 30 years.

In 1986 when PCDA decided to host a fall paper money show they asked Ron to be show chairman. Last year’s event was Ron’s 20th at the helm of that successful venture. In 1988 he was made HLM of the PCDA for his efforts.

A municipal employee of the city of St. Louis for many years, Ron was promoted up the ranks from Mechanic (1956) to Foreman (1970) to Supervisor (1980) to Manager (1985). He received a degree as Fleet Administrator in 1986.

“I plan on serving the Society in any way that I can except as a board member,” Horstman said recently. “I also plan on attending to my crops and livestock on my ranch, and living until 2045 when I will be 110, unless I decide to live longer.”

-- Fred Reed -- ❖



On This Date in Paper Money History -- Oct. 2006

By Fred Reed ©

Oct. 1

1861, City of Pensacola issues municipal scrip for 25- and 50-cents; 1877, BEP takes over printing of all U.S. currency; 1949, U.S. Treasury Agents go after counterfeiters as noir drama *Trapped* debuts;

Oct. 2

1982, Smithsonian Institution Numismatic Curator Vladimir Clain-Stefanelli dies; 1987, Disneyworld and EPCOT Center introduce scrip notes;

Oct. 3

1776, Continental Congress specifies interest bearing certificates be printed in colors; 1964, Warner Brothers circulates paper wampum for James Stewart western *Cheyenne Autumn*;

Oct. 4

1761, St. Louis banker/colonizer Moses Austin born; 1927, Roy Young begins tenure as Fed Chairman; 2003, New Iraqi banknotes unveiled in Baghdad press conference;

Oct. 5

1892, Dalton gang bank spree ends in Coffeyville, KS shootout; 1987, *Paper Money*, a novel by Ken Follett, published by New American Library;

Oct. 6

1864, Lucius Chittenden forwards clipping of letter he wrote refuting charge that Lincoln demanded his pay in specie or Gold Certificates while requiring soldiers to accept greenbacks; 1950, BEP engraver Thomas R. Hipschen born;

Oct. 7

1640, Massachusetts General Court redefines legal tender value of blue and white wampum beads; 1978, International Bond and Share Society holds first meeting;

Oct. 8

1818, John H. Reagan, who appears on some Confederate bonds, born; 1967, BEP Director Henry Holtzclaw retires after 50 years total service;

Oct. 9

1781, "Swamp Fox" General Francis Marion, depicted on Confederate \$100 note, receives the thanks of the U.S. Congress; 1839, Bank of the United States suspends specie payments; 2003, Federal Reserve releases nextGen colorful \$20s;

Oct. 10

1778, General George Washington instructs General Horatio Gates to implement death penalty in case of two Pennsylvania men convicted of passing counterfeit currency; 1867, John Jay Knox becomes deputy Comptroller of Currency;

Oct. 11

1819, Jacob Perkins receives English patent for anti-counterfeit Stereotype Steel Plate; 1901, Banknote engraver James Bannister dies;

Oct. 12

1837, Congress authorizes treasury notes requiring signatures of BOTH Register and Treasurer for first time; 1988, Bank of England announces new, smaller 5-pound note;

Oct. 13

1648, Earliest known English check, 20-pounds, signed by Henry Snelgrave; 1862, CSA Congress passes Act to fund \$200 million in Confederate notes in 8% bonds;

Oct. 14

1712, George Grenville, responsible for Stamp Act duties on American colonials, born; 2005, Traverse Area (MI) Community Currency Corp. releases "Bay Bucks" scrip;

Oct. 15

1862, Corporation City of New York, NY issues municipal scrip; 2003, Iraqis commence exchange of Saddam currency for new notes;

Oct. 16

1834, workers burning all British wooden monetary tallies in furnace succeed in burning down Parliament also; 2004, Lyn Knight holds John Whitney Walter sale;

Oct. 17

1777, English general John Burgoyne surrenders to U.S. general Horatio Gates at Saratoga, NY (FR 464-464a); 1837, U.S. House of Representatives rejects proposal to circulate non-interest bearing treasury notes by vote of 137-81;

Oct. 18

1859, dealer and Colonial and Continental Currency collector Henry Chapman born; 1862, Gold value of U.S. Demand Notes reaches high point of 99.1 cents on dollar;

Oct. 19

1752, Benjamin Franklin details his kite flying electricity experiment (FR 479-492) to British scientific community; 1988, Michael Hill becomes BEP Deputy Director;

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Oct. 20

1874, Bank of Sodus, NY issues banknotes for \$1 and \$2; 2002, Pioneer numismatic publisher Chet Krause dismissed from firm he founded by new ownership;

Oct. 21

1944, Treasury Department lifts regulations on currency circulation in Hawaiian Islands; 1988, Sherlock Holmes tracks counterfeiters in the film *Without a Clue*;

Oct. 22

1780, Early banknote engraver Peter Maverick born; 1975, SPMC receives first shipment of ABNCo engraved membership cards;

Oct. 23

1795, France's circulation of fiat assignats peaks officially at 20 billion livres; 1993, Thomas Crawford's *Columbia* (FR 1-5) replaced atop U.S. Capitol after restoration;

Oct. 24

1808, Banknote vignette engraver John Sartain born; 1979, *Oklahoma Obsolete Notes and Scrip* author Maurice Burgett dies;

Oct. 25

1861, Transcontinental telegraph makes possible transfer of bank funds across country almost instantaneous; 1995, Ralph Marlin & Co. introduces "New \$100 Bill" necktie;

Oct. 26

1831, Confederate currency collector John Wiley Aulick born; 1981, BEP begins selling uncut sheets of \$1 FRNs;

Oct. 27

1856, Corresponding Committee of County of Herkimer, NY opposes candidacy of Francis E. Spinner for Congress; 1856, U.S. currency designer Kenyon Cox born;

Oct. 28

1823, Encased stamp issuer William Weir born; 1884, Hugh McCulloch takes office as Treasury Secretary for second time; 1927, SPMC member Lester A. Mauk born;

Oct. 29

1815, Daniel Decatur Emmett, whose song "Dixie" is alleged tracing to the famous Dix note, born; 1892, *Tromp l'oeil* currency artist William Michael Harnett dies;

Oct. 30

1820, Banker and collector Herman Ely born; 1840, *History of American Currency* author and social Darwinist William Graham Sumner born;

Oct. 31

1789, Thomas Jefferson pens *Note on the Value of the Dollar in French Money*; 1861, 94-year-old Commander of the U.S. Army General Winfield Scott (FR 212e) resigns; ♦

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Is the Federal Reserve System a Governmental or a Privately Controlled Organization?

By Stephen Zarlenga
Director, American Monetary Institute

STUDENTS OF OUR MONETARY SYSTEM QUICKLY encounter this important question, normally phrased as whether the Federal Reserve System is part of the U.S. Government or is a private organization. The importance people are placing on the answer is indicated by the more than 36,000 hits the question raises on internet search engines.

We'll examine evidence in the Federal Reserve legislation, in how the Fed operates, from Congressional testimony, from statements from the Federal Reserve's publications, in statements by former Chairmen of the House Banking Committee, and in official rulings by U.S. courts, to show why we conclude that although there are some elements of ambiguity, the Federal Reserve system is essentially dominated and controlled by private financiers, not our government, and to the extent that there is ownership of it, it is entirely private. Therefore despite the ambiguity – and confusion – the Fed is more accurately seen as a private, not a governmental institution, though with substantial governmental ties.

The ambiguity arises from a combination of misleading appearances: the fact that our President appoints (with consent of the Senate) the Chairman of the Fed to four-year terms, and the seven-member Board in Washington to 14 year terms; the fact that the Fed is supposed to promote governmental fiscal policy; and the fact that the system was originally set up in law by Congress in 1913 and can be altered, nationalized or even dismantled by Congress.

Most Americans understand that the Fed controls our money system, but they believe it's part of our government, as would be expected of any organization holding that much power over the destiny of our country. Americans also erroneously believe the banking business consists of accepting deposits from clients and then re-lending them to borrowers at a higher rate of interest. Though the number is definitely growing, most Americans have no idea that money (or more accurately interest bearing bank credits -- purchasing media which serves as money) is created by the banking system when loans are made, through the fractional reserve provisions. This is understood by few novices, and often economists and even bankers fail to comprehend that they function as part of a money creation system, when they issue credits, and deposit them into their client's accounts when loans are extended.

Therefore most Americans would be surprised to learn that almost all of what we use for money is not issued by our government, but by private banks. They have been "allowed" to form erroneous assumptions about our money and banking system that are far from reality and that serves to shield [it] from closer scrutiny, whether the Fed is truly operating in the public interest or advancing more private agendas, either on purpose or by default.

The American Monetary Institute is a not-for profit public interest 501(c)(3) organization "dedicated to the independent study of monetary history, theory, and reform," located in Valatie, NY. Interested parties may contact AMI at ami@taconic.net. *Paper Money* welcomes counterpoint examinations of the issues Mr. Zarlenga raises.--Editor

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Organization And Ownership

The Federal Reserve consists of 12 regional Federal Reserve banks, with boards of Directors, under an umbrella direction of the seven-member Federal Reserve Board in Washington, with the power to determine major aspects of banking activity, such as setting interest rates, and the reserve and other operational requirements. There are no shares of the Washington Fed Board organization; the only "ownership" of the Fed is in shares of each of the 12 regional banks which are entirely owned by the private member banks within their respective districts, according to a formula based on their size. The ownership is highly restricted in that such ownership is mandatory; the shares can't be sold; and they pay a guaranteed 6% annual dividend.

Thus the stories that the Federal Reserve is "owned" by foreign bankers (the Rothschild's and other prominent banker names usually come up) are not accurate and these types of rumors have mainly served to discredit wholesome criticism of the banking system. While it is true that our first central bank, the First Bank of the United States, upon dissolution in 1811 was found to be three quarters owned by British and Dutch interests, that bank was structured simply as a private share company on the Bank of England model.* The control of the Federal Reserve System is more difficult to untangle and is not just a matter of counting shareholder votes. While foreign bankers might indirectly own shares of the regional Federal Reserve Banks through ownership of American Banking companies, such ownership would be reported to the SEC if any entity held more than 5% of the American corporation. This however does not exclude strong, potentially undue foreign influence, for example through the Bank for International Settlements (BIS) as detailed below.

A "Non-Profit" Organization?

The Federal Reserve System puts itself forward as a non-profit organization that turns over its operating profits to the U.S. Treasury, after all expenses, including the 6% dividend to member banks. However this misses the point on several scores. First, the banking profits coming through the privileged money creation process mainly occurs at the member bank level of operation, and those profits are not turned over to the Treasury. That is, the net earnings from the member banks seigniorage privilege are not turned over to our government but kept by the private member banks. For England this amount has been estimated at 41 Billion Pounds per year. For the U.S. we think it's between \$100-200 billion per year; but we need to know the amount more precisely from the Fed itself.

This money creation which is put into the system when the banks extend loans, eventually becomes a source of funding when our government's bonds are sold to the public. Here is how Wright Patman, former House Banking and Currency Committee Chairman for 16 years criticized that process:

"I have never yet had anyone who could, through the use of logic and reason, justify the Federal Government borrowing the use of its own money. . . . I believe the time will come when people will demand that this be changed. I believe the time will come in this country when they will actually blame you and me and everyone else connected with the Congress for sitting idly by and permitting such an idiotic system to continue."

We think the time has come.

Secondly, how extravagant are the FED's operating expenses? Reputedly quite high, but in order to determine that for sure a proper audit would be necessary. Just where did the extensive real assets of the Fed come from if all the earnings are turned over to the Treasury? (Fed capital as of June 28, 2006 was \$29.462 billion) Perhaps some part of it comes from member bank subscriptions to the regional Fed shares. Another question for the audit to address. (If memory serves correctly, the Fed used to turn over 90% not all, of its earnings over to the Treasury; but now its 100%.)

Control

Private ownership does not guarantee private control -- they can be two different things. Although ownership of the fed is admittedly private in a restricted way, it is control which is the more important factor in regarding the Fed as private, not governmental. Remember, the question is whether the control rests more in private or governmental hands, not whether it rests directly in shareholders hands.

It will be clear from the following points that the Fed is definitely not part of the US Government:

- * The Fed is not organized within the Executive, Legislative or Judicial branches of our government.
- * Who pays the Fed's bills and determines its budget? Not any part of our government. The Fed gets its funding from its own specially privileged operations. The Fed Board determines Fed budgets.
- * Who monitors and oversees Fed activities? Again the Fed itself. While some important elements of proper auditing have taken place, there has not yet been a comprehensive independent audit, by the Government Accountability Office as proposed in a recent letter from Ralph Nader to new Fed Chairman Ben Bernanke, calling for greater monetary transparency.

* Federal Reserve Employees are not part of the U.S. Civil Service System and are not covered by government employees' health insurance or pension programs. Who does the hiring and firing? Except for the highly publicized Chairman and seven-member Washington Board, this is in private, unelected hands.

* Federal Reserve Banks are not listed as government organizations by the telephone companies, a small but telling fact.

Here is how the Fed describes the Control situation, in the FAQs on its website:

"As the nation's central bank, the Federal Reserve derives its authority from the U.S. Congress. It is considered an independent central bank because its decisions do not have to be ratified by the President or anyone else in the executive or legislative branch of government; it does not receive funding appropriated by Congress; and the terms of the members of the Board of Governors span multiple presidential and congressional terms. However, the Federal Reserve is subject to oversight by Congress, which periodically reviews its activities and can alter its responsibilities by statute. Also, the Federal Reserve must work within the framework of the overall objectives of economic and financial policy established by the government. Therefore, the Federal Reserve can be more accurately described as "independent within the government."

We'd suggest the phrase "independent within the government" is much too ambiguous and has the effect of conveying great power while avoiding responsibility.

The Fed's FAQs continue regarding control:

"The Federal Reserve's ultimate accountability is to Congress, which at any time can amend the Federal Reserve Act. Legislation requires that the Fed report annually on its activities to the Speaker of the House of Representatives, and twice annually on its plans for monetary policy to the banking committees of Congress. Fed officials also testify before Congress when requested.

"To ensure financial accountability, the financial statements of the Federal Reserve Banks and the Board of Governors are audited annually by an independent outside auditor. In addition, the General Accounting Office, as well as the Board's Office of Inspector General, can audit Federal Reserve activities."

We agree with Mr. Nader that it is time for the General Accountability Office to carry out this full audit of the Federal Reserve System. We take at face value the Fed's statement that the only way for our government to exert necessary societal controls on the Fed is through legislation altering the Federal Reserve Act.

The Federal Reserve Act

Reading the Act with the question of control in mind, what one finds are primarily an enumeration and description of vast powers over our monetary system being ceded to the non-governmental Federal Reserve. Primary among these are the powers necessary to administer a fractional reserve banking system in which the creation of money -- what we use for purchasing media -- is in private hands.

- One is struck by the general absence of governmental controls over Fed activity, and lack of requirements toward our elected representatives.
- One is struck by the lack of accountability of the Fed to our governmental officials or bodies.
- One is struck by the lack of any specified penalties should the system be found to not be promoting governmental public policy at all.
- One is struck by the lack of formal oversight procedures to determine whether that is happening or not.

The Act requires the Chairman to appear before Congress and Congressional committees four times a year, and requires the Board to submit two written reports to Congress annually. To understand that this is not sufficient oversight, one need only read Congressman Bernie Sanders questioning of Chairman Greenspan, from the Congressman's website (<http://bernie.house.gov/>). When tough questions were put to the Chairman, as Congressman Sanders did, forms of stalling non-answers came back until the announcement, "Your time is up Mr. Congressman."

While the act specifies that the Comptroller of the Currency has the power to directly examine any member bank in the system, he is not empowered to examine Federal Reserve Regional banks -- that is in the hands of the Washington Board. Also, 14 year appointments -- a one time event for them -- places them outside the influence of our elected officials, in other words outside the democratic process.

Probably this "independence" was sold as a good thing! From the time of Adam Smith, there has been a growing attack against government, as being incapable of managing the monetary system. Despite the evidence that gov-

ernment has a far better record controlling money than private bankers have*; despite the fact that government is the only organizational form with ability to stand between the people and the "Enrons" of the world. It is time to rethink this "independence" question and examine the actual evidence, rather than to continue relying on free market ideology – really a form of elitist propaganda. It would be smarter to examine mankind's actual experience with government-controlled money systems – especially in America. For what reason did the Federal Reserve Act envision that it would be saints serving on the Fed Board?

Some Conclusions from Court Cases

Several legal proceedings further illuminate the private aspects of the Fed. This case refers to several of those cases.

(1) *JOHN L. LEWIS, Plaintiff/Appellant, vs. UNITED STATES OF AMERICA, Defendant/Appellee.*

(No. 80-5905, UNITED STATES COURT OF APPEALS, NINTH CIRCUIT

680 F.2d 1239; 1982 U.S. App. LEXIS 20002; March 2, 1982, Submitted; April 19, 1982, Decided)

[Lewis had been injured by a car owned by the San Francisco Fed and sued the U.S. Government for damages. Note that this ruling particularly applies to the regional Federal Reserve Banks, not necessarily the Federal Reserve Board. Thus even more ambiguity!]

Excerpts from the ruling:

The district court dismissed, holding that the Federal Reserve Bank is not a federal agency within the meaning of the Federal Reserve Act and that the court therefore lacked subject matter jurisdiction. . . .

"Federal agency" is defined as: the executive departments, the military departments, independent establishments of the United States, and corporations acting primarily as instrumentalities of the United States, but does not include any contractors with the United States.

There are no sharp criteria for determining whether an entity is a federal agency within the meaning of the Act (28 U.S.C. § 2671), but the critical factor is the existence of federal government control over the "detailed physical performance" and "day to day operation" of that entity. . . . Other factors courts have considered include whether the entity is an independent corporation..., whether the government is involved in the entity's finances.... and whether the mission of the entity furthers the policy of the United States. . . . Examining the organization and function of the Federal Reserve Banks, and applying the relevant factors, *we conclude that the Reserve Banks are not federal instrumentalities for purposes of the FTCA, but are independent, privately owned and locally controlled corporations.* [emphasis added]

Each Federal Reserve Bank is a separate corporation owned by commercial banks in its region. The stockholding commercial banks elect two thirds of each Bank's nine-member board of directors. The remaining three directors are appointed by the Federal Reserve Board. The Federal Reserve Board regulates the Reserve Banks, but direct supervision and control of each Bank is exercised by its board of directors. 12 U.S.C. § 301. The directors enact by-laws regulating the manner of conducting general Bank business, 12 U.S.C. § 341, and appoint officers to implement and supervise daily Bank activities. These activities include collecting and clearing checks, making advances to private and commercial entities, holding reserves for member banks, discounting the notes of member banks, and buying and selling securities on the open market. See 12 U.S.C. §§ 341 [**5] 361....

It is evident from the legislative history of the Federal Reserve Act that Congress did not intend to give the federal government direction over the daily operation of the Reserve Banks: It is proposed that the Government shall retain sufficient power over the reserve banks to enable it to exercise a direct authority when necessary to do so.... In other words, the reserve-bank plan retains to the Government power over the exercise of the broader banking functions, while it leaves to individuals and privately owned institutions the actual direction of routine...[Note: neither the Act, nor this court explained how that is done] the Federal Reserve Banks, though heavily regulated, are locally controlled by their member banks. Unlike typical federal agencies, each bank is empowered to hire and fire employees at will. Bank employees do not participate in the Civil Service Retirement System. They are covered by worker's compensation insurance, purchased by the Bank, rather than the Federal Employees Compensation Act. Employees traveling on Bank business are not subject to federal travel regulations and do not receive government [**7] employee discounts on lodging and services.

The Banks are listed neither as "wholly owned" government corporations under 31 U.S.C. § 846 nor as "mixed ownership" corporations under 31 U.S.C. § 856, ... a factor considered in *Pearl v. United States*, 230 F.2d 243 (10th Cir. 1956), which held that the Civil Air Patrol is not a federal agency under the Act. ... Additionally, Reserve Banks, as privately owned entities, receive no appropriated funds from Congress. ... The Reserve Banks have properly been held to be federal instrumentalities for some purposes.... The Reserve Banks are deemed to [**10] be federal instrumentalities for purposes of immunity from state taxation.... The Reserve Banks, which further the nation's fiscal policy, clearly perform an important governmental function.... Performance of an important

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governmental function, however, [**11] is but a single factor and not determinative in tort claims actions.... *Brink's Inc. v. Board of Governors of the Federal Reserve System*, 466 F. Supp. 116 (D.D.C.1979), held that a Federal Reserve Bank is a federal [**12] instrumentality for purposes of the Service Contract Act, 41 U.S.C. § 351. ... *For these reasons we hold that the Reserve Banks are not federal agencies for purposes of the Federal Tort Claims Act and we affirm the judgment of the district court.* [emphasis added, end of excerpts]

Is the Fed Operating in the Public Interest and Promoting Governmental Policy?

Short answer: No.

Some Details:

Macroeconomic policy goals are generally agreed to include: full employment, stable prices, satisfactory balance of payments; and sustainable economic growth.

(A) The Full Employment Laws

Last April at a Levi Institute April conference (Bard College), Fed Governor Donald L. Kohn gave his luncheon talk, and nobody had a question for him (economists seem afraid of Fed officials) so I stood up and asked "Whatever happened to the Fed's full employment directive?" (Well that got a rise out of Jamie Galbraith, who was sitting at the next table!) Gov. Kohn's answer (paraphrasing) was "Yes we consider that, but we also consider price stability."

Price stability is the economists' mantra for tight money policies, that put a special strain on the barely employed. The important employment question especially indicates how the Fed does not implement Governmental policy. Two laws were passed by Congress on this and both are being effectively ignored by the Fed:

The 1946 Employment Act directed policy makers to pursue policies promoting full employment. This apparently was not enough. The Humphrey-Hawkins Act had to be passed in 1978 requiring monetary policymakers to pursue full employment and non-inflationary economic growth.

And what has been the result? Games are played with the unemployment statistics. Unemployment is grossly underestimated by ignoring those whose unemployment benefits have run out; by not counting those who have given up looking, or who have accepted jobs requiring only a small part of their qualifications at low wages, or who have accepted part-time work in desperation. The Fed has done little or nothing to gain and publicize an accurate estimate of unemployment in America.

A case could probably be made that the Fed Board is flaunting the Humphrey-Hawkins Law.

There have been unsuccessful attempts through former Senator Connie Mack of Florida and Congressman Jim Saxton of New Jersey to promote legislation which would render the employment question moot, by making "price stability" the Fed's priority. That the "full employment" language is considered an annoyance is indicative of the Fed's political bias against middle-class Americans.

Several additional societal/governmental problems with direct connection to monetary policy follow below. Taken individually, they might leave room for question, or even be characterized as "anecdotal," former Fed Chairman Greenspan's favorite description for inconvenient facts; but when seen in their entirety they demonstrate to reasonable minds that the Fed has not been operating in the public interest, except incidentally. The Fed has been promoting, or at least supporting plutocracy – the rule by wealth. (The connection between the Fed's monetary policy, and government's funding abilities should be fairly clear, but just in case, we are writing a longer explanation that does connect those dots.)

When a long string of events and factors evinces a particular design or motivation behind them, we should draw the proper inference, just as the American Declaration of Independence did. In the Fed's case we infer that a form of class warfare has been an inextricable part of its make up from its beginning. It's not really hidden now. Billionaire speculator Warren Buffet recently remarked "If there is a class war, my class has won." Buffet was being facetious. He would not characterize the destruction of the most vulnerable among us and their children, as "winning." He would probably join with me in calling it cannibalism, and predicting that indigestion is sure to follow.

This warfare is not all the Fed's fault. A large part of the warfare is inherent in the present day make up, definitions and assumptions of economics itself. But the single most decisive factor in that wealth concentrating "victory" has been the privately controlled monetary system.

(B) The appalling condition of America's crucial infrastructure

The American Society of Civil Engineers gives our infrastructure an overall "D" rating, and predicts it will fall to "D-" soon. They tell us it will cost \$1.6 trillion to bring it up to safe levels. The education sector already receives a failing "F" grade! This represents an unanswerable indictment of the present monetary system as either unwilling or unable to handle these crucial pillars of our society.

(C) The growing concentration of wealth

Less than 1% of the population is claiming ownership to almost 50% of the wealth. This spells disaster for our democracy unless quickly corrected. Private control of the money system is the most powerful engine continuing this destructive concentration process. It has become the primary tool of class warfare. I've only heard from one Fed official, the President of one of the regional Federal Reserve banks, who seemed to care; but in a private conversation. Yet hearing that from her was the one human signal I've encountered from the Fed in all the years I've watched it.

(D) The previous Chairman, media darling Alan Greenspan Promoted Warfare and Bad Tax Cuts

Greenspan promoted the dual disasters of de-funding government through tax cuts to the super-rich, and paving the road to war in Iraq. Who can defend these "errors?" In effect they became "Fed policy" for our country.

(E) Health care and education

Some figures say 45 million of us are without health insurance. Other estimates place it much higher. Then there are all those who think they are insured, but will find out otherwise when a health problem does strike. Regarding education, just the physical plant is graded F (failing) by our engineers. Is that American public policy? Or is it a financial system gone amuk?

(F) The Real Estate Bubble

This is a double negative for the Fed. Counter to their professed price stability goal, they created massive inflation in housing costs, since about 70% of all Fed money creation goes into real estate loans. Then they look at soaring house prices and say "Aren't we wise – the collateral we loaned on is worth much more than we allowed" – instead of saying "look at what our loans are doing to the real estate market – putting it further out of reach for too many."

(G) Stock market bubbles

Past pandering of Greenspan's Fed to the financial sectors led to stock market bubbles, still being unwound. Exclamations of "irrational exuberance" was just talk, when he had the power to act on margin requirements, for example, but did nothing.

(H) Attempts to Remove the Estate Tax on the Super Wealthy

Predictably, we heard nothing from Fed officials on why this would be one of the worst fiscal acts to take against America.

(I) Worker Earnings Dropping since 1973

Since when is it U.S. public policy to pressurize workers incomes? In effect the Fed has placed the working sector into a form of deflation, while at the same time running a grand inflation in property values.

(J) Child mortality

Believe it or not, the U.S. ties for the worst ranking among all "developed" nations, by recent U.N. Figures.

(K) And We Haven't Looked at New Orleans Yet

Instead of our government being able to spend the \$12 billion to repair levees and protect a key port city, we're going to spend at least \$400 billion to repair the damage. This too should be laid at the Fed's doorstep, including the thousands of unnecessary deaths of our people. The Fed facilitated that well publicized idiot who wants to make our government small enough so that he can drown it in a bathtub.

(L) Nuclear Weapons face off

We continue to be in an ever more dangerous face off with the Russians involving potentially thousands of nuclear detonations on our land. Just a few of these would end our civilization. When one examines the control of the monetary system, it's not just about money. It is about the mis-direction of humanity. Money plays such a large role in that process that this nuclear stalemate too must be laid in part at the Fed's door. Not entirely, because the Soviet Union had a hand in it too.

(M) The Balance of Payments Fiasco

Shipping American jobs overseas has led to an imbalance of payments that has benefited financiers, but devastated working people. Where has the Fed ever issued a warning about this process?

(N) And Now the Inflation

These misdirected monetary policies are finally taking a toll on inflation. The CRB Price Index (now at about 350) has been approaching its all time highs of 380 reached in 1974, a year of political impeachment combined with wartime inflation, surging metals prices and an agricultural drought. But with much of the work force experiencing deflation in their earnings, it is a nightmare that they are now facing real inflation in their daily expenditures, for example for fuel.

The Effect of Ambiguity

Ambiguity of control has resulted in the monetary power being misused. It has allowed great power to be wielded without responsibility. No amount of false PR will change that.

Conclusions and Solution

The money power vested in Congress by the Constitution has been improperly delegated to private interests without sufficient public interest benefit, if any. Congress must resume the power vested in it. Had such delegation of power been shown to work in the public interest, one could consider maintaining or adjusting the present system. But look what it has done. This calls for a major shifting of how our money system operates and is controlled. Anything less, with minor benefits that merely alleviate the problems temporarily, will allow the destructive process to eventually resume.

The ambiguity must cease. The American Monetary Institute has been working on comprehensive legislation called *The American Monetary Act*, to remedy this problem at its root, summarized in our brief statement, "The Need for Monetary Reform" and presented in full at our web site <http://www.monetary.org>

This Act puts into legal terminology the reform proposal put forward in Chapter 24 of *The Lost Science of Money*. Chapters 1 thru 23 give the historical background and case studies on which the reforms are based. We realize that this Act has its best chance of passage under emergency conditions. The idea is to have it ready and to inform enough citizens and lawmakers around the country about it.

At the same time, it is necessary to begin action now and there is a "small step" called the Monetary Transparency Act, which also may be viewed on our web site. It starts the process of making the Fed more accountable to the Congress, by requiring the compilation of certain statistics which are otherwise difficult to get. These are numbers which almost automatically point the way toward better public policy decisions.

* Starred items are considered in greater detail in the author's *The Lost Science of Money*. ❖

The President's Column



Wow

ONE WORD SEEMS ALL TOO INADEQUATE TO describe the recent 30th IPMS in Memphis, but I think "WOW" describes it. I think this was one of the best, if not the best, Memphis in years or maybe ever: from the time you walked into the hall and saw the usual large gathering of dealers and their varied wares, to the six rows of exhibits and finally "WOW"—the magnificent "Memphis Memories" display by Lyn Knight. That was truly a sight! Memphistites everywhere should thank Lyn for such a great job. It was nice seeing 30 years of history in such a large format. At the show, the hobby showed it was still sizzling! There was something for everyone, no matter collecting interest. The SPMC would like to thank everyone who worked hard on the show! The newly quasi-revised Tom Bain Raffle and SPMC breakfast on Friday was a great success. We tried two new things, having some higher end raffle prizes and awarding the service awards at the breakfast. Both seemed to be hits and we will try to continue them and next year make it even better! At the SPMC general meeting on Saturday, Don Kagin gave a great presentation on the War of 1812 notes—Thanks Don! Your board of governors met Saturday morning and we have a lot of work ahead of us. One of main initiatives upcoming will be deciding how to use the Forrest Daniel endowment we were given. Mark Anderson is heading a committee to give recommendations at our St. Louis meeting, so if you have ideas, let him know—we want your input! We also will be having a new committee established soon to work with Fred Reed to provide you, our members with more real time information and to give multiple contact points for *Paper Money*. It is hard to improve on perfection, but we will always strive to do so. We are also looking at revising our website. We hope to eventually make this our primary communication tool with the membership, but we know that is years off. Finally, our thanks to Ron Horstman for 20+ years of service. He decided not to run for re-election to the board. Ron has served the Society tirelessly and we thank him. In his place I have appointed Wendell Wolka to fill the term left open in the election. Until next time—good hunting and good collecting. Please contact me with ideas for how to make YOUR Society better and one that will meet your needs more.

Benny

Death claims author Walter Rosene

Walter (WALT) Rosene, Jr., of Gadsden, AL, passed away on Dec. 30th, 2005, according to Bob Cochran. "Walt and I are both graduates of Auburn University in Alabama, and I read about it in our alumni magazine," Cochran said.

Mr. Rosene, who authored the Society's Wismer series book *Alabama Obsolete Notes and Scrip*, was born May 15th 1920. He was a research biologist for the U.S. Department of Interior's Fish and Wildlife Service for 25 years. He wrote three books and numerous scientific articles on wildlife management.

Cochran remembered Rosene as "a very nice, congenial man." ❖

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WANTED. Canadian Chartered Bank Notes. Wendell Wolka, PO Box 1211, Greenwood, Indiana 46142 (246)

WANTED. OBSOLETEs AND NATIONALS from New London County CT banks (Colchester, Jewett City, Mystic, New London, Norwich, Pawcatuck, Stonington). Also 1732 notes by New London Society United for Trade and Commerce and FNB of Tahoka Nationals #8597. David Hinkle, 215 Parkway North, Waterford, CT 06385. (248)

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NEW MEMBERS

MEMBERSHIP DIRECTOR

Frank Clark
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Carrollton, TX 75011

SPMC NEW MEMBERS - 05/17/2006

- 12068 **Michael S. Tallent** (C), Website
12069 **Bradley J. Paino**, 10847 Almond St, Adelanto, CA 92302 (C, Nationals and Large Size Silvers), Wendell Wolka
12070 **Al Mattia**, 445 Shelbourne Lane, Phoenixville, PA 19460-5721 (C, Currency), Coin World
12071 **Dan Beckham**, 116 Faulkner Cir #73, St Robert, MO 65584 (C, Currency), Coin World
12072 **Remi A. Bazinet**, Box 543, 105 Queen St, S Chapleau, ONT POM-1KO, Canada (C, World), Frank Clark
12073 **Eugene Rowe** (C), Website
12074 **Chris Sutter** (C), Bob Cochran
12075 **Christine Karstedt**, PO Box 1804, Wolfeboro, NH 03894 (C & D), American Numismatic Rarities
12076 **Melissa Karstedt**, PO Box 1804, Wolfeboro, NH 03894 (C & D), Q. David Bowers
12077 **John Kraljevich** (C), American Numismatic Rarities
12078 **Andrew Bowers**, PO Box 1804, Wolfeboro, NH 03894 (C & D), American Numismatic Rarities
12079 **John Pack**, PO Box 1804, Wolfeboro, NH 03894 (C & D), Q. American Numismatic Rarities
12080 **Frank Van Valen**, PO Box 1804, Wolfeboro, NH 03894 (C & D), American Numismatic Rarities
12081 **Andrew Metropolis** (C), American Numismatic Rarities
12082 **Gordon Whitwell** (C), Rob Kravitz
12083 **Rod Charlton II** (C), Website
12084 **Robert Wilson** (C), Website
12085 **Mike Allred** (C), Allen Mincho
12086 **Steve Engle**, 2254 Foothills Drive South, Golden, CO 80401 (C, US Large), Tom Denly
12087 **Anthony Bongiovanni** (C & D)
12088 **Greg Shane**, PO Box 10, Granite Springs, NY 10527 (C, Colonials, CSA, FRNs), Website
12089 **Todd Hewitt**, 312 W. Chapelwood Dr, Brandon, SD 57005 (C & D, US Small), Tom Denly
12090 **Paul Griffin**, 9442 Timber Valley Dr, Indianapolis, IN 46250 (C, US and British Commonwealth), Tom Denly
12091 **Daniel J. McKenna**, (C), Allen Mincho
12092 **Jeffrey M. Feuerman**, 3 Craftsland RD, Chestnut Hill, MA 02467-2678 (C), Website
12093 **Alan A. Stoler** (C), Fred Reed
12094 **Guiseppe Fusco** (C & D), Tom Denly
12095 **Robert E. Lippert** (C), Robert Schreiner
12096 **Allen Karn**, c/o Allen's Coin Shop, 399 S. State St, Westerville, OH 43081-2600, Bob Cochran

REINSTATEMENTS

- 9547 **Ronald Hedglin** (C), Bob Schreiner
10334 **Brian Fanton** (C), Frank Clark
11051 **Ahmad A. Alomari** (C & D), Frank Clark

LIFE MEMBERSHIP

- LM372 **Peter Treglia** converted from 10815
LM373 **George Edelstein** converted from 10337
SPMC NEW MEMBERS - 06/01/2006
12097 **Peter Jones** (C), Frank Clark
12098 **Richard T. Erb** (C), Paper Money Values
12099 **Joe Petrini**, 36 East Gate Ln, Hamden, CT 06514 (C, Obsoletes), Website
12100 **Mark Hagen**, PO Box 400, Cromwell, IN 46732 (C, US Large, Obsoletes & Colonial), Website
12101 **Jason Cobb** (C), Website
12102 **Judith Walker** (C), Frank Clark
12103 **Calvin Burress** (C), Ron Horstman
12104 **Jennifer Burns**, 3315 N. 2nd St, Harrisburg, PA 17110 (C), Website
12105 **Gerald E. Vallee** (C), Jack Levi

LIFE MEMBERSHIP

- LM374 **Diane P. Rapanotti**, 11703 Huebner Rd Suite #106-247, San Antonio, TX 78230-1205 (C & D, Revolutionary Mexico & World), Website

SPMC NEW MEMBERS - 07/08/2006

- 12106 **Imtiaz A. Khokhar**, MD, 729 Montauk Highway, West Islip, NY 11795 (C), Website
12107 **Peter D. Adams** (C), Frank Clark
12108 **William Golden** (C), Website
12109 **Ken Kooistra**, 250 Laureen Rd, Schwenksville, PA 19473-2220 (C, US Large), Website
12110 **Carey Werneth** (C), Tom Denly
12111 **William H. Stein** (C), Website
12112 **Edward A. Dauer** (C), Robert Schreiner
12113 **Kathleen Kimball** (C), Peter Huntoon
12114 **Steven Boerger** (C), Dennis Schafluetzel
12115 **John C. Ramsey**, PO Box 956, Gardiner, ME 04345 (C, Fractional & Maine Nationals), Benny Bolin
12116 **John Nagel** (C),
12117 **Greg Davis**, 431 N. Fulton Ave, Mount Vernon, NY 10552 (C & D), Greg Culpepper
12118 **Tom DiBenedetto**, 11341-2 Dollar Lake Dr, Port Richey, FL 34668 (C), Rob Kravitz
12119 **David LoDato** (C), Tom Denly
12120 **Lawrence Schuffman**, PO Box 19, Mount Freedom, NJ 07970 (C), Website
12121 **Chris Percoulis** (C), Website
12122 **James Coulter**, 22904 Allen Court, Saint Clair Shores, MI 48080 (C, US), Website
12123 **Mark L. Miller** Tom Denly
12124 **Dennis Mikus** (C), BNR
12125 **Lawrence Struble** (C), Robert Moon
12126 **Harry C. Backas**, PO Box 4120, Breckenridge, CO 80424 (C & D, US Type), Tom Denly
12127 **John H. Ross**, 8710 N. Island Dr, Stanwood, MI 49346 (C, Michigan Obsoletes, US Large & Fractional), Tom Denly
12128 **Ronald S. Goyack** (C), Tom Denly
12129 **Allan L. Shafer**, W2604 Bakertown Rd, Helenville, WI 53137 (C, Confederate, Obsoletes), BNR
12130 **Robert Sebastian**, 151 71st Way NE, Fridley, MN 55432 (C), BNR
12131 **Lloyd Fields** (C & D), Rob Kravitz

Increased member participation, services goals

SPMC Memphis 2006 Board Meeting Memphis, TN

Meeting date June 17, 2006

Present: Mark Anderson, Benny Bolin, Frank Clark, Bob Cochran, Rob Kravitz, Gene Hessler, Ron Horstman, Tom Minerley, Bob Moon, Judith Murphy, Fred Reed, Bob Schreiner; **Appointed non-Board member:** Wendell Wolka; **Not present:** Wes Duran, Jamie Yakes; **Guest:** Kirk Nelson

Call to order and Determination of Quorum: Bolin

The meeting was presided over by President Benny Bolin and began at 7:45am.

Minutes of Last Meeting: Bolin

The minutes from the November 18, 2005 St. Louis meeting were approved with the following correction: The vote for use of internal color in *Paper Money* was not unanimous.

Election: There is no contest to the election this year. Benny Bolin, Mark Anderson, Ron Horstman and Judith Murphy are up for re-election. Ron Horstman announced at this meeting that he will not seek re-election. The Secretary cast one vote for the remaining two people. The President will make an appointment for the unfilled position (secretary's note: President Bolin subsequently appointed Wendell Wolka to the Board).

Secretary's Report: Schreiner reported that SPMC has about 1550 members. He credited Bob Cochran for providing a third follow up with lapsed members to increase the retention for 2006.

Treasurer's Report: Moon reported that this will be a break-even year in terms of net worth. The treasurer has been bonded (a "commercial crime policy") as of Oct 6, 2005. The amount is \$250,000. The premium is \$120/year.

SPMC can now accept credit card charges for memberships and advertising. We are not yet able to accept PayPal or other web transactions, but these are being planned.

The routine audit (Duran and Anderson are the committee) will be done in November 2006. We should plan to do it annually, after the close of the fiscal year, and not at the Memphis meeting.

Membership Report: Clark reported a gain of 214 new members. Thanks to Mark Anderson, R.M. Smythe will add our membership application to their catalogs. An application will also be put in their lot bills. Lyn Knight and Heritage already place an application in their catalogs. We need to seek the same accommodation from ANR, Stack's and EAHA. We also need to ask Whitman about an application in their "red book of paper money."

Editor/Publisher Report: Reed reported that manuscripts are at an all-time high in quality and profusion. Recent submissions include several from tenured university professors, and one expected from an economist at the Federal Reserve. There have been some printing delays associated with adoption of new equipment by the printer and the editor. In addition, the mailing service that the printer uses has slowed down operations, a situation which needs to be remedied. Our special Fractional Currency (J/F 2006) and National Currency (M/J 2006) issues were well received. Upcoming specials are small size U.S. (S/O 2006), obsolete currency (M/A 2007) and National Bank Notes (M/J 2007). Reed thanked contributors to the Forrest W. Daniel tribute in the July/August issue, especially Tom Minerley, Gene Hessler, Mark Anderson and Bob Cochran. Forrest

Daniel's Early Federal Paper Money manuscript remains problematic. Daniel reported that the manuscript was lost by a person it was loaned to. He said he would retrieve a copy he thought he had in storage. This was not accomplished before his death. Reed further reported that conversion to color interior printing has gone well. Paid color ads in the issues have been: March/April (5 pages); May/June (4 pages); July/August (4.5 pages). Reed recommends that we continue with one interior color signature for the present, until it be deemed advantageous to change. Around Memorial Day, Wendell Wolka and Reed sent a special ad solicitation to 150 dealers who either belong to PCDA, have display ads in BNR, or are otherwise identified as paper money or scripophily dealers, or providers of services, but don't presently advertise in *Paper Money*. They will report on success of this venture at a future time.

Reed received a solicitation from Whitman Publishing offering SPMC a full page color ad in Dave Bowers' forthcoming book on obsolete currency. The cost seemed prohibitive. However, Reed thought such an ad would be a positive thing, and that is raised the issue that a trade out might be advantageous. He recommended that the Board empower the Publisher to consider such trade outs in the future (for example, trade Whitman ad space in *Paper Money* for an SPMC ad in the upcoming Bowers book). Further discussion was referred to the new Publications committee.

Regional Meetings Report: Murphy/Wolka reported there was little activity at the Atlanta ANA; the location was bad. SPMC will be at the Denver ANA. Wolka will investigate table covers for the SPMC table.

Forrest Daniel Endowment: Bolin reported that Mr. Daniel left \$10,000 to SPMC in his will, to be used as needed. A committee of Anderson, Duran, and Moon will propose uses for the funds. The President will use his *Paper Money* column to seek general member input on use of the funds.

Batch Membership: PCGS wishes to use SPMC batch memberships. Tom Denly is now. Such use does not constitute SPMC endorsement of the sponsor. We will monitor sponsors' ads to make sure there is no such representation. They cannot use the SPMC logo without permission. We need to provide a use statement for the web.

Bain Breakfast Report: Moon and Group reported that presenting some of the awards at the breakfast worked well, and we received numerous favorable comments. We sold 101 tickets; 18 tickets to prize winners were comped. The raffle brought in \$1314. After expenses, SPMC profited \$118.56. 120 people is the maximum capacity in the present facility. We had a contributor's drawing for those who made a significant contribution to the raffle prizes. We will continue this. The largest contributors this year were R. M. Smythe, Hugh Shull, John Rowe, Heritage, Don and Judith Kagin, and Robert Kravitz.

Restructuring of Board: Bolin said that SPMC needs both Board and non-Board workers. Our recruitment process, both for workers and simply members, needs bolstering. One means of publicizing the needs and opportunities is via *Paper Money*. Additional consideration needs to be given to term limits, a succession plan, and the Board nomination process.

Methods to maintain openness: Bolin stated that we need to provide more timely information to members. The meeting minutes should appear in the next issue of *Paper Money*. Should we have a newsletter of some sort, perhaps electronic? Use the web to better or

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additional advantage? We will add additional information about the Board to the web.

Wisner Project Proposal re. NC Scrip: Schreiner noted that Jerry Roughton and Paul Horner are the designated Wisner authors for North Carolina. They are now proposing to develop within about three years a book on NC scrip, leaving the bank notes, now covered by Haxby and Pennell, for later. SPMC would prefer that a NC book have both, but we can accept this proposal. The authors will be put in touch with Wisner project director Bob Cochran.

1929 Materials: Cochran/Bolin noted that Schreiner has received the accumulation of materials for this now-defunct project. Requests to examine the materials should be directed to President Bolin.

Directors & Officers Insurance: Duran was not present. We will review options for renewing this in August. Such considerations should be part of the audit committee's work.

New members/print overrun of PM: Bolin said that we now appear to be receiving enough copies to ensure that new members will receive a full year's issues regardless when they join. We can now also provide each Board member with 25 back copies for recruitment use.

Library-ANA/Smythe: Anderson reported that Smythe's interest in accepting our library will not be considered prior to the expected June 2007 opening of their new financial museum. Schreiner wrote the ANA about donating the library, but received no reply prior to this meeting. [secretary's comment: David Sklow, Director, Library and Research, subsequently offered these terms: (1) SPMC Library would become the property of the ANA; (2) SPMC books would be merged, at the sole discretion of the ANA into the current ANA Library; (3) SPMC books would be identified solely by ANA Library call numbers; (4) SPMC will be responsible for all shipping costs of SPMC materials to the ANA Library; (5) An electronic list of all SPMC members (including their SPMC membership numbers) will be provided; (6) All SPMC members will conform to the ANA Library loan policy. SPMC member Jeff Brueggeman has expressed interest in accepting the library and serving as SPMC Librarian. The Board will consider this matter again at its next meeting.

Research Grant Update: Horstman noted that SPMC awards six \$500 research grants each year. Three are currently available. We have applications from Peter Huntoon, Tom Conklin, and Kathleen Kimball. Based on the material presented by Horstman, the Board approved the three additional grants. Motion by Horstman, second by Anderson.

Awards Committee: Bolin reported that the cost of awards this year is \$1200. Reed suggested that SPMC name its literary awards for Forrest Daniel. Daniel wrote more than 140 articles published in *Paper Money*, won the very first SPMC Literary Award in 1964, and won 10 SPMC Literary Awards in total (note: an 11th was presented posthumously). After brief conversation and a suggestion that just one of the Literary Awards be named for Daniel, the matter was tabled. There was discussion about monetary prizes for some awards. The Board was reluctant to make further award changes at this time. All such matters were tabled.

Founders Award: Reed noted that the matter of the emblem associated with the Founder's Award has been left unresolved. Reed has sought medal designs and production costs from Medallion Art Co., and he presented this material in the past. He asked that we proceed with this decision. After some discussion, the Board remained concerned about the cost of the medals, and tabled the matter.

Republishing of Articles Proposal: Bolin said that we have been

asked to reprint past *Paper Money* articles by topic. Further discussion was tabled.

Proposal to reprint books: Bolin stated that Sanford Durst has asked SPMC for permission reprint some of the Society's Wisner books. There was concern about the Society giving up these assets and about copyright issues for SPMC and the authors. On a motion by Schreiner, second Murphy, the Board decided to not grant such permission.

Feedback on conference calls/schedule and St. Louis meeting: Feedback on use of this conference calls for Board meetings has generally been positive. The President sought further advice on this, to be conveyed by email later. The next convened meeting is expected to be in St. Louis in November.

President Bolin adjourned the meeting at 10:10am. ♦

Board membership opportunity to improve our Society & hobby

IN ORDER TO PROMOTE MEMBER PARTICIPATION and broaden representation of views and interests on the SPMC Board of Governors, Society President Benny Bolin has instituted a ramped up approach to Society election procedures.

Society elections are held annually. Each year four of the 12 seats on the board are filled. Ordinarily some or all of the incumbent board members stand for reelection, and others may also run, of course. However, in recent years contested elections have been few, and Bolin hopes the renewed emphasis in this area of the Society's activities will kick start broader participation.

As a catalyst, the President picked a new Nominating Committee, including members Minerley, Murphy, Hessler, Cochran, Reed with a broad charge: an active and proactive NC is a must for the society to exist and maintain state of the art leadership and direction, actively seek out quality candidates for succession of board members, strive for 100% contested elections in order to give the membership a choice, actively recruit members for the board and committees who are passionate, eager to serve, active and proactive, a diverse board is preferred in regards to age, collecting interest and geographical distribution, ensure the appropriate methods for candidacy is followed as stated in the by-laws; publish in PM according to the following proposed timetable: Sept/Oct -- notice of election, overview of requirements and commitments just to get something out to the membership, Nov/Dec -- notice of election with names of sitting members of those seats, Jan/Feb -- publish call for names, Mar/Apr -- publish all bios, May/June -- election, July/Aug -- publish results.

Readers with questions or suggestions are encouraged to contact committee members. ♦

Sharp-eyed reader catches our mistake

Reader Ron LaSpisa emailed the Editor shortly after the last issue hit the streets: "Fred, is the remainder of Dave Bowers article 'Showcasing the 100 Greatest Notes - The Inside Story' - available within the current *Paper Money* magazine anywhere? It appears to stop without ending on page 294." For Ron and others, for some unknown reason the last line: "did not make the top 100 list, but came close." did not make the magazine, but came close. Obviously the printer's rastering of the text was different from the Editor's, much to our chagrin. Our apologies. ♦



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Future Dates: November 14-17, 2007

SPMC honors J. Roy Pennell for outstanding lifetime achievements & others for various accomplishments

FORMER SPMC PRESIDENT AND SOCIETY founding Charter Member #8 J. Roy Pennell Jr. received the SPMC Nathan Gold Memorial lifetime achievement award during ceremonies at the recent Memphis Paper Money Show. The award was announced by Society President Benny Bolin during the traditional SPMC breakfast Friday morning June 16th.

Pennell, who also is Honorary Life Member #8 (Aug. 21, 1975), was a popular and well-deserved choice for the prestigious honor. The award is presented annually to outstanding collectors who have made "concrete and scientific" contributions to the hobby. Pennell was specifically cited for his work on obsolete paper money counterfeits. Years ago Roy published hardback reprints of Civil War era counterfeit detectors. More recently he has compiled listings of known counterfeits on a state-by-state basis. His Connecticut listing appeared in these pages in our Sept/Oct 2005 issue. Another installment will appear in our forthcoming issue devoted to obsolete notes.

Roy is truly one of the greats in the history of SPMC and with Chet Krause (SPMC #9) among the last of the remarkable cadre which launched and helmed our Society in its fledgling years. In many ways it was Roy who was the sparkplug of the young organization. In addition to serving as President (1971-75), he was Vice President (1969-71), Secretary (1964-67), Governor (1965-79) and Publisher (1965-78).

It was in his roles as Secretary and Publisher specifically, that Roy left his mark on our early days. As Secretary he was the "go-to" person and steadying influence. No significant decision by any member of the SPMC family was made without consulting Roy, and those seeking his counsel were well served. The four green bound volumes of our first eight years of *Paper Money*, that have become such a cherished relic for latter day members, was Roy's initiative.

Pennell also has served as our awards and nominating chairman. In 1968 he received the Society's Outstanding Service Award (an Award of Merit). In 1988 he received his first Nathan Gold Award, and thus now joins three others who have received this award twice (Grover Criswell, Gene Hessler, Fred Reed).

The Society presented Honorary Life Memberships to three more outstanding veteran members, fractional currency author Milt Friedberg, publisher and author Chet Krause, and past President, Secretary and Governor Bob Cochran.

Pierre Fricke, author of *Collecting Confederate Paper Money* (R.M. Smythe), received the D.C. Wismer Award for the best new paper money book published during the preceding year.

The Society also presented an unprecedented number of Awards of Merit for service to the hobby. Recipients included

the Memphis Coin Club, sponsor of the premier paper money show for the past 30 years; Mart Delger, exhibits chairman of the show all that time; David Harper, editor of *Bank Note Reporter*, and Michele Orzano, associate editor of *Coin World's Paper Money Values*.

The year was a banner one for numismatic publishing. Also receiving Awards of Merit are authors Art Friedberg, Ira Friedberg, and Q. David Bowers for *A Guide Book of United States Paper Money* (Whitman Publishing); Gene Hessler for *The International Engraver's Line* (self-published); Ricardo Magan for *Latin American Bank Note Records* (self-published);

Mack Martin and Kenneth Latimer for *State of Georgia: Treasury Notes, Treasury Certificates & Bonds* (self-published); Fred Reed for *Show Me the Money! The Standard Catalog of Motion Picture, TV, Stage and Advertising Prop Money* (McFarland & Co.); and Jim Noll for *TITO's: Machine Readable Slot Machine Cashout Tickets, a New Collectible* (self-published).

Massachusetts dealer Tom Denly won the Nathan Goldstein Recruitment Award again. Denly has assisted the Society for many years with recruitment, and has become a perennial winner of this award in recent years.

Mark Tomasko was presented the Dr. Glenn Jackson Memorial Award, given to honor an outstanding article

about bank note essays, proofs and specimens and the engravers who produced them. Tomasko also received the Julian Blanchard Award for the best exhibit depicting vignettes, specimens and proofs.

Literary Awards for the best articles in *Paper Money* in 2005 honored: Don Kagin, 1st place in Federal paper money, and Francis X. Klaes, 2nd place; Michael McNeil and Crutch Williams, 1st place in Confederate currency, and Pierre Fricke, 2nd place; Q. David Bowers, 1st place in U.S. obsolete currency, and J. Roy Pennell Jr., 2nd place;

Also, Peter Huntoon, Bob Liddell and James Hughes 1st place in National Currency, and Bob Cochran, 2nd place; Joaquin Gil del Real, 1st place in foreign currency, and Albert Irizarry, 2nd place; and Jim Noll and Forrest Daniel (deceased) 1st and 2nd places respectively in general paper money subjects.

Jim Lippincott won the Stephen Taylor Best in Show exhibit award. Jim Simeck and Benny Bolin received honorable mentions for their exhibits. Simeck also won the *Bank Note Reporter* Most Inspirational Award for the exhibit most likely to interest a non collector and spur him/her into taking up the hobby.



J. Roy Pennell Jr., our senior member with lowest member number, was honored with a second "lifetime" achievement award at Memphis. (BNR photo)



16648

TEST DIE FOR WEBB PRINTING

S 16402

Figure 1. Test Die #16648 proof.

AS PART OF THE PROCUREMENT PROCESS FOR THE Alexander Hamilton Webfed Currency Press, the Bureau of Engraving and Printing (BEP) had to provide test plates to the contractor, Hamilton Tool Company, to conduct a simulated production run in 1990 at its facility in Hamilton, Ohio.

It seems likely that either the BEP or possibly the Columbian-Security Banknote Company prepared a Test Die, borrowing major design elements from an existing BEP-designed Series 1970 U.S. Department of Agriculture \$5 Food Coupon. The existence of such a Test Die was confirmed to the authors

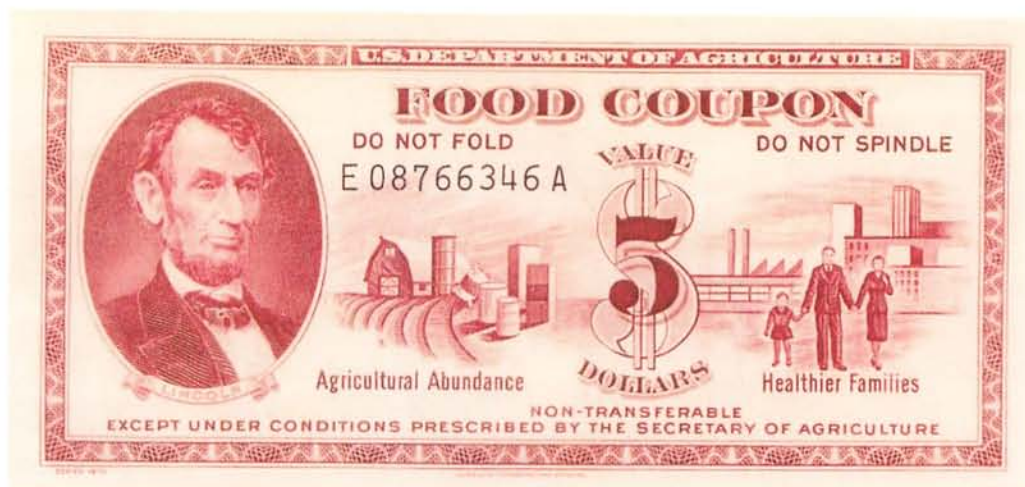
Web Press Test Plate Varieties

By Bob Kvederas Sr. & Bob Kvederas Jr.

in January 1999 when the proof printing shown in **Figure 1** was auctioned on eBay and acquired by us. A sticker on the holder containing the note indicated that it had been auctioned previously by R.M. Smythe Company in its June 1991 Memphis Mail Bid Auction as Lot #6614.

At the bottom of the proof, is the die/plate number "16648" and the inscription, "TEST DIE FOR WEBB PRINTING." The number "S-16402" also appears. The proof is printed in blue and is deeply embossed. The over-

Figure 2. Series 1970
USDA \$5 Food Coupon.



all appearance is strikingly similar to the Series 1970 Food Coupon shown in **Figure 2**. While a different Lincoln portrait was used, the \$5 value and several inscriptions are exact duplicates. The BEP probably rejected the initial Test Die design due to its resemblance to a Food Coupon, especially the \$5 denomination.



Figure 3. Test Plate #16804 green
printing (above). Figure 4. Closeup of
© S.-C.B.Co." (below).



The BEP-approved design changes resulted in the Test Plate design shown in **Figure 3**. The inclusion of "© S.-C.B. Co." (**Figure 4**) in tiny letters at the bottom of the left border would seem to indicate that the Security-Columbian Banknote Company of Philadelphia, PA produced the final design. The addition of a Pennsylvania keystone to the design supports this conclusion. Note that the Lincoln portrait, the industry vignette, and the "NON-TRANSFERABLE" inscription have all been retained from the earlier Test Die design.

BEP information indicates that two Test Plate simulated production runs were conducted. The first was at the Hamilton Tool Company with BEP personnel present. The second and final acceptance run occurred at the BEP Washington, DC production facility around June 1991. It is likely that the BEP provided Test Plates using die #16804 for both test runs of the press.

Examples of the Test Plate prints were first noticed in January 1993 at the Florida United Numismatists Show in Orlando, FL. How anyone knew then that these notes had been printed on the Alexander Hamilton Web-fed

An Invitation from

The NEW HAMPSHIRE CURRENCY STUDY Project

Q. DAVID BOWERS and **DAVID M. SUNDMAN** are involved in a long-term project to describe the history of all currency issued in the State of New Hampshire, as well as to compile a detailed registry of all known notes (whether for sale or not). Our area of interest ranges from early colonial times through the Revolutionary era, the state-chartered bank years (1792-1866), and the era of National Banks (1863-1935). This will result in a book under the imprimatur of the Society of Paper Money Collectors, with help from the New Hampshire Historical Society, the Smithsonian Institution, and others.

Apart from the above, David M. Sundman is president of Littleton Coin Company and Q. David Bowers is a principal of American Numismatic Rarities, LLC, and both advertisers in the present book. For other commercial transactions and business, refer to those advertisements.



The authors of the present book, holding a rare Series of 1902 \$10 National Bank Note from West Derry, New Hampshire.



A typical NH Obsolete Note, this from the Winchester Bank.

A Series of 1882 \$10 Brown Back from the Winchester National Bank.



This same building was used for the Winchester Bank and its successor, the Winchester National Bank.



Teller window circa 1910, Winchester National Bank

If you have New Hampshire currency or old records or correspondence relating to the same, or other items of historical interest, please contact us. In addition, Bowers and Sundman are avid collectors of these bills and welcome contact from anyone having items for sale. We will pay strong prices for any items we need!

Visit the NH Currency Study Project website: www.nhcurrency.com. Find a listing of New Hampshire banks that issued currency, read sample chapters, and more.

We look forward to hearing from you!

The NEW HAMPSHIRE CURRENCY STUDY Project

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E-mail: info@nhcurrency.com (Your e-mail will be forwarded to both authors.)



www.nhcurrency.com



Figure 5: Test Plate 16804 black printing with Plate No. 5. This is the discovery specimen, owned by the Editor.

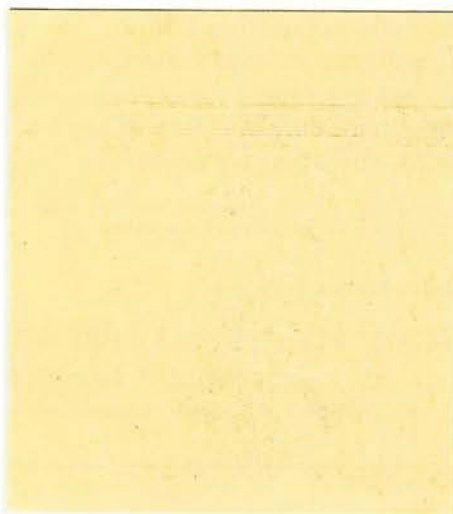
Currency Press is unknown. It was subsequently confirmed that the notes were indeed produced by the press.

Since 1993, the notes have appeared infrequently in auctions or for sale by dealers—usually in sets. The three principal varieties of Test Plate prints are: Green (Figure 3), Black (Figure 5), and Embossed Un-inked (Figures 6 and 7).

The pure Black variety is clearly the scarcest. Some of the Black examples appear to be Brown due to an excessive solvent dilution of the ink. These

Figure 6: Test Plate 16804 uninked embossed printing.

Figure 7: Test Plate 16804 uninked embossed printing, heightened to bring out embossing.



Black/Brown (Figure 8) notes vary in overall color intensity, and almost all observed examples exhibit telltale solvent tracks on the face and back. Some also exhibit minor offset transfers.

The ink in the plate number and the plate position number on the Black and Black/Brown is the least affected by the solvent. When these are compared in both artificial and natural light, the ink shade in the Black and the Black/Brown is virtually indistinguishable. All Black/Brown notes qualify as error printings.

All observed Test Plate notes are printed



Figure 8: Test Plate 16804 black/brown printing with solvent smears and offset.

only on the face (uniface) and have the die/plate number "16804" on them as shown in the Figures. (Due to trimming a small number of Test Plate 16804 impressions are known with the die/plate number "16804" at the bottom instead of at the top.)

The numbers 1 through 6 at the left side are positioned in ascending order with 1 in the lowest position. These numbers do not correspond to the ink color, but are most likely plate position numbers. The actual printing plate used on the web-fed press (Figure 9) contains 18 plate positions, numbered 1 through 6 three times.

The supposition has been confirmed that the numbers relate to the engraving depth. Figure 10 is a matrix showing the observed varieties of Test Plate notes by color and plate position number. Notice that 14 of a possible 24 varieties have been observed.

As of this writing, the Test Die proof shown in Figure 1 is unique. The authors would appreciate hearing of any confirmed or suspected examples. We would also appreciate hearing about unreported plate number/color varieties. All varieties of the Test Plate notes while not rare, seem scarce enough to have sold for \$80 to \$120 each. They may be offered in sets of three or four notes.

Readers are asked to forward any comments, information, or questions to: Bob Kvederas Sr., P.O. Box 45, Colchester, CT 06415-0045 or email rkvederas@snet.net.

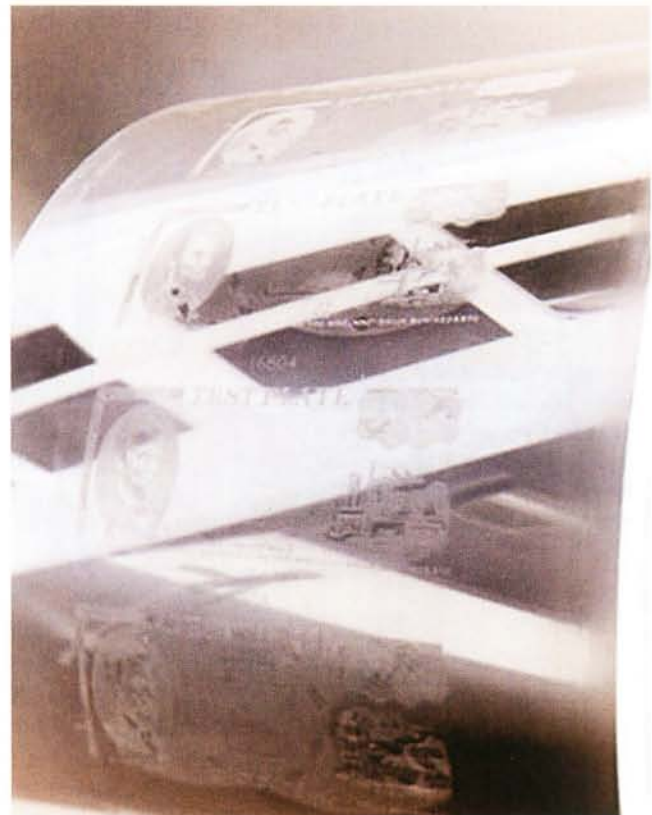


Figure 9. Photo of printing plate, reversed for readability.

Figure 10. Observed Test Plate Varieties
By Printing by Plate # and Color

	1	2	3	4	5	6	Total
Black		x			x		2
Green	x	x		x		x	4
Embossed			x		x	x	3
Black/Brown	x	x	x	x	x		5
							14

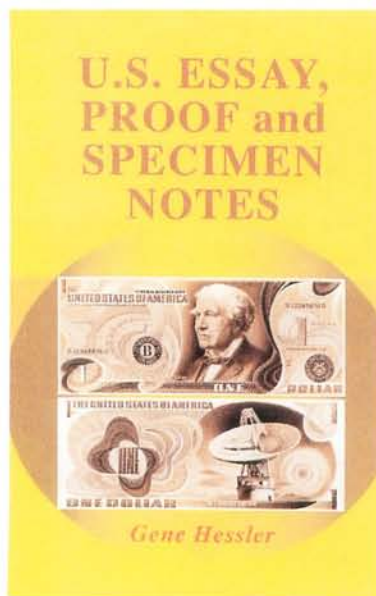
Some Small-Size Notes That Might Have Been

By Gene Hessler

Until 1996 when a \$100 Federal Reserve note with a new design was released -- other denominations followed in subsequent years -- the basic designs of paper money in the United States had not changed for about 70 years. Released in 1929, the first small-size \$1 notes bear the series date of 1928, the year I was born. So, small size notes have been around almost as long as I have.



The author's award-winning book is unique in our hobby and well worth any collector's attention because it is the only place we can observe "the notes that might have been" outside of government archives.



While conducting research at the Bureau of Engraving and Printing (BEP) in the 1970s, I found some unissued designs for both large- and small-size notes. These were included in the first edition of *U.S. Essay Proof and Specimen Notes*. For the second edition of this book in 2004, I included additional unissued designs that I had subsequently uncovered at the BEP. A few of those essays, or unissued designs are shown here.

A particular ledger at the BEP contains photographs of numerous unissued designs; all bear the signatures of Julian-Snyder. (My copy photo of these photos account for the soft images illustrated here.)

The signatures and serial numbers were pasted into position. The first three designs that follow could have been rejected or were experiments and are known to me as photographs only. In each instance the designs illustrated here would have been acceptable, in my opinion. Catalog numbers are from Hessler (2004); the "E" indicates essay.

In 1971 De La Rue Giori in Switzerland was completing work on a new press. Professor Roman Hellmann, who had a close working relationship with Gualtiero Giori, was asked to create a test design for the press. During the previous year Professor Hellmann had met Director James Conlon of the BEP (1967-1977) when both were visiting the Giori facilities. Remembering this visit, Professor Hellmann decided to create a watercolor of a \$1 U.S. Federal Reserve note (FRE31a); unfortunately it was never engraved.



FRE31a. Thomas Edison graces the face of this attractive test piece. A parabolic reflector on the back symbolizes the modern development trends in Edison's telegraphy.



SCE49. Series 1941 \$1.



SCE50. This Series 1941 essay and the previous \$1 silver certificate bear the G.F.C. Smillie engraving of George Washington based on the portrait by Gilbert Stuart.



SCE57. This Series 1945 \$5 silver certificate was designed by A.R. Meissner. Charles Burt engraved the portrait of Abraham Lincoln based on a photograph by Anthony Berger, a partner of Matthew Brady.



FRE27. This Federal Reserve note essay, with background colors of green and rose is otherwise the same as the issued Series 1963 \$20 note. Alfred Sealey engraved the portrait of Andrew Jackson.

Letter to the Editor

Hi Fred,

I just received the copies of the July/Aug magazine. Thanks for sending them. I will give some of them to Forrest's brother Bill, and send a couple to friends of Forrest's in California. I thought the article was very fitting. Forrest would have liked it very much. If there is one thing I have learned from Forrest's death, it would be that it is vitally important to tell people just how much they mean to you and how they have impacted your life when they are still alive. Reading the accolades from other SPMC members about Forrest was heartwarming. Please convey our thanks to all who participated.

Sincerely, Bonnie Daniel



FRE31. This \$2 Federal Reserve note essay designated as Series 1969 has a green and rose floral background. The Thomas Jefferson engraving by Charles Burt is based on the portrait by Gilbert Stuart.

There are at least 38 back designs at the BEP that are unidentified as to note classification. These were probably done in the 1930s and 1940s. For a discussion of the development of small-size notes see "Intended Back Design for 1st U.S. Small-Size Notes" in *Paper Money* No. 234.



UE6. The image of E Pluribus Unum is not engraved.



UE8. Commerce was engraved by Marcus W. Baldwin. Valley Forge is by artist F.O.C. Darley; it was engraved by S.A. Schoff. The following was attached to this essay: "I like this back, except for the seated figure of the woman. In place thereof I would suggest an unfurled scroll bearing at least a portion of the text of the Declaration of Independence, since the small lettering would constitute an added security feature." (H. Neal, BEP Design Dept.)



UE9. This is the altered version of the previous essay to please Mr. Neal.



UE17. I doubt if anyone could find fault with this design of Mt. Rushmore.



UE35. The expanse of the engraved image of the U.S. Capitol fits well on this \$500 back.



UE36. Mechanics and Agriculture, engraved by Marcus W. Baldwin and G.F.C. Smillie was borrowed from the Series 1899 \$2 silver certificate.

Sources

Hessler, G. and C. Chambliss. *The Comprehensive Catalog of U.S. Paper Money*. Port Clinton, OH: BNR Press, 2006.

-----, *U.S. Essay, Proof and Specimen Notes*. Port Clinton: BNR Press, 2004. ❖

Did Abraham Lincoln's icon image on money influence his public perception?

By Fred Reed[©]

THIS ARTICLE WILL EXAMINE THE EFFECT (IF any) of Abraham Lincoln's image on U.S. paper money and coins in shaping public perception of our nation's martyred 16th Chief Executive.

It shouldn't be news to most readers that I have been interested in Abraham Lincoln for a long, long time. In the last 40 years I have published approximately 40 articles and created many exhibits on this topic.

I also have about 430 pages of a Lincoln book done with an expected publication date prior to the venerable Abe's 200th bicentennial of birth in 2009.

There will be many other commemorations of that event too, including coins, stamps, and paper money in this country and around the world.

In might surprise readers just how beloved a figure "Father Abraham" is around the world. "That Lincoln face -- its grief and pain -- shall haunt us for a thousand years," ("The Face of Lincoln" by Thomas Curtis Clark). Although our own country seems to have lost track of Abe's birthday (until 1971 it was a federal holiday on February 12th), cultures and climes far distant and not disfigured by revisionist history nor political correctness seem to have a better handle on his *metier*.

My forthcoming book has a lot of built in competition. Lincoln is -- excepting Jesus of Nazareth -- the most written about historical figure of all time. (A distant third is Napoleon.) Specialists tell us that approximately 16,000 separate books and monographs have been published on our country's Great Emancipator. More will come as 2009 nears.

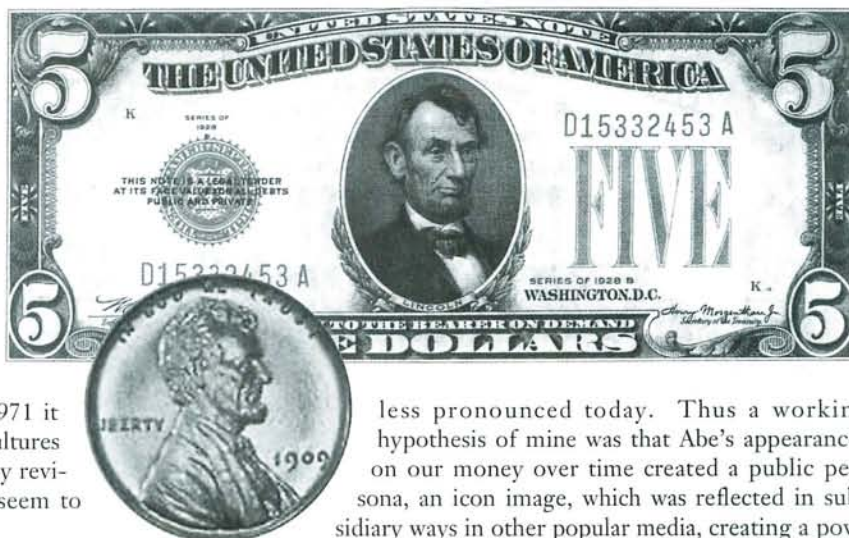
Most aspects of Lincoln and his heritage have been written about many times over. This is especially true of his image. Books on Lincoln photos, Lincoln prints, and Lincoln cartoons abound. It seems, however, that the historical mainstream has paid only lip service to insights our money can add to the discussion: Lincoln's brand emerged from depictions on coins and currency. The icon mirrored his money images.

Although Lincoln's images on our coins and notes have been ubiquitous down from his own lifetime to the present, little is said in these mainstream publications about Abe's numismatic legacy. Hopefully, my book will rectify this imbalance and bring Abe's money traditions to the forefront, adding substantially to Lincoln lore.

When I was a youth coming up in public schools in upstate New York, Lincoln's picture was on the front wall along with Washington's. Seeing that image day-after-day, year-after-year emblazoned his visage on my subconscious. Lincoln appeared stern, formal, somber, elevated, solid, and able. The image dramatized his character, if not personality. Aptly, both Lincoln's and Washington's pictures were the same images appearing on our five and one dollar bills.

If this repeated exposure could make such an impression on me, I felt it must also have impressed other baby boomers. Afterall, repeated exposure is the tenet of advertising in all media. Billions of dollars are risked on this principle. And this branding must work because people hum commercial jingles and salivate when they see golden arches.

Over time I realized that money too is a powerful media of indoctrination. The ancients knew a thing or two about putting their images on their coinage, and the effects are no



less pronounced today. Thus a working hypothesis of mine was that Abe's appearances on our money over time created a public persona, an icon image, which was reflected in subsidiary ways in other popular media, creating a powerful brand in public consciousness.

I came to this realization in a most practical manner. Over the decades I have collected more than 2,000 Lincoln images, including currency, coins, stamps, covers, statues, engravings, lithographs, books, ceramics, ads, and other items.

My collection has always been organized by likenesses, i.e. of the approximately 150 photographs, paintings from life, busts etc. dating from Lincoln's lifetime, it is readily apparent that the derivative secondary media are mirrors of one or more of these original "from life" depictions. Art imitates life.

I was not the first to discern this, of course. In fact 20 years ago I discovered a very rare volume in the Library of Congress Rare Book Room, *Engraved and Lithographed Portraits of Abraham Lincoln* by Winfred Porter Truesdell (privately printed, 1933), which groups Lincoln engravings and prints in this manner. Fortunately, about a decade later Dan Weinberg at Abraham Lincoln Book Shop in Chicago was able to track down another copy for me for a nice sum, which I gladly paid.

Turning to money depictions of Lincoln by design type, we find these images of him on federal and non-federal currency:

(1) images on 1861 \$10 Demand Notes and on 1862/1863 \$10 Legal Tenders were engraved by Frederick Girsh



for American Bank Note Co., patterned on photos taken by C.S. German Jan. 13, 1861, and released beginning in August, 1861; also on \$5 notes of Eagle Bank, Providence, RI from March 4th 1862; image also appeared on state banknotes commencing July 15, 1862, on \$10 notes of the Rutland County Bank, VT, the last known Lincoln state bank note;



(2) images on Series 1863 \$20 Interest Bearing Notes and Series 1864 \$20 Compound Interest Notes were engraved by Henry Gugler for National Bank Note Co., patterned on the same photos as above; principal distinguishing characteristic is the cut of Lincoln's lapel; notes released to the public from July, 1864; this image had previously appeared on state-chartered \$1 bank notes commencing in November 20, 1861,



on Merchants Bank of Trenton, NJ; April 8, 1862 on \$1, \$2 and \$3 notes of the Lincoln Bank, Oneida County, NY; \$2 notes of Bank of Pottstown, PA; \$1 notes of Bank of Commerce, DC, from early May, 1862, as well as Union bonds.

(3) a portrait from the same photos above for Continental Bank Note Company but flopped was used on a \$5 Demand Note essay, and on \$100 Kansas Union Military Scrip from June 1, 1867, and \$1 City of Lincoln, NB, municipal notes from c. 1870s;



(4) Mathew Brady's famous Cooper Union photo taken when Lincoln journeyed east for a speech on Feb. 27, 1860, was engraved by American Bank Note Co. for a \$5 note of Winsted Bank, CT; released from

April 1, 1862; this is the only non-bearded image of Lincoln on currency;

(5) the image on 50-cent Fractional Currency was engraved by Charles Burt, patterned after a photo taken by Anthony Berger on April 20, 1864; notes were released to the public from July 14, 1869;

(6) the image on \$100 Legal Tenders was



based on another Anthony Berger photo taken Feb. 9, 1864, for Lincoln's 55th birthday, engraved by Charles Burt; released to the public from Dec. 4, 1869, to 1912; this familiar image also appeared on Series 1863 \$500 Gold Certificates, Series 1914/1915 \$5 FRNs and \$5 FRBNs from May 18, 1914, Series 1923 \$5 SCs which have an uncropped portrait, and all classes of



small size \$5 notes from July 10, 1929, and \$5 Food Stamps from 1970; cropping is tighter on the small size portraits;

(7) the image on the Series 1882 and Series 1922 \$500 Gold Certificates was originally engraved by

Charles Burt, patterned after an

Anthony Berger

photo of Lincoln

also taken Feb. 9,

1864;

(8) the George F.C. Smillie

engraved portrait of

Lincoln on the

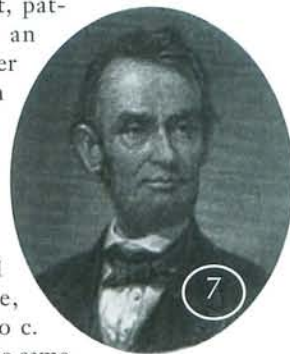
Series 1899 \$1

Silver Certificate,

issued from 1899 to c.

1927 was based on the same

photo as #6ab above, but is much smaller;



(9) Lincoln's image on the cent was engraved by Victor D. Brenner in 1907 originally for a plaque, patterned after another of Berger's photos for Lincoln's 55th birthday taken Feb. 9, 1864; the cent was released to the public from Aug. 2, 1909;

(10) the same photo on which the \$500 Gold Certificate portrait was based was modeled by Will Fleishell for Series 1999 and successive series of \$5 FRNs; this portrait is much larger than the former engraving by Charles Burt at #7;

(11) Daniel Chester French's seated statue of Lincoln and the Lincoln Memorial also appear on our currency on Series 1928 U.S. Notes and other classes of small size \$5 bills from July 10, 1929, as engraved by Joaquin C. Benzing;

(12) Lincoln and his memorial were engraved by Tom Hipschen

for the

mod "NexGen" Series 1999 and later FRN backs;

(13) Frank Gasparro engraved Lincoln and the Lincoln Memorial for cents beginning 1959 to date;

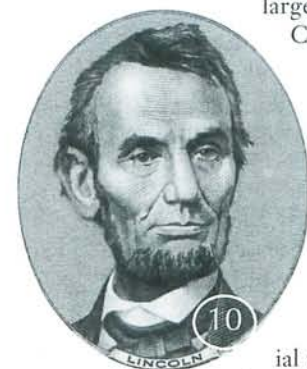


Table 1 -- Books yielding Significant Lincoln Images (SLIs) by Decade and Type in Collections of Abraham Lincoln Library & Museum

Decade	Books w/SLI	Demand & LT	New \$5	Old \$5	FC pose	Cent	French Statue	AL/Tad	Gettysburg Lincoln	St. G Statue	Other Statues	Cooper Union 5 ^k
1860s	33	1 ^b	11	2								
1870s	6		3	2				1	1			
1880s	21		9	5		4						1
1890s	36	1	4	4	4	4			8 ⁱ	3		
1900s	61 ^a		7	9 ^d		10 ^g		2	14	1		2 ^l
1910s	44	3	2	3		4		3	9	2		
1920s	47	1	1	4	2	5	3 ^h	1	4	2		1
1930s	36		1	2		7	1		4	1 ^j		1
1940s	35		2	3		6	1	1	5		1	2
1950s	38		5	2		1	2	1	9		1	
1960s	32		2	3	1	4	2	3	11		2	
1970s	26			4	2	2	2	2	4			
1980s	29		1	6		3	2	2	5			2
1990s	39		3 ^c	1	1	6	1	2	9			1
2000s	24			4 ^e		3			4			1
Totals	507	6	51	54	10 ^f	59	14	18	87	9	4	16

^a Lincoln books, popular during his lifetime and following his death, peaked at the time of his birth bicentennial in 1909

^b Historian George Bancroft's important address to joint houses of Congress, the President and Supreme Court on Lincoln's birthday Feb. 12, 1866, *Memorial Address on the Life and Character of Abraham Lincoln*, incorporates as its *frontispiece* Henry Gugler's National Bank Note Co. portrait "Engraved and Printed at the Treasury Department"

^c the current \$5 FRN image has ALWAYS been popular, but enjoys resurgence concurrent to its use on these new notes

^d a surge of interest in the old familiar \$5 pose followed closely introduction of \$1 Silver Certificates with this image in 1899

^e the ingrained "\$5 pose" became increasingly popular from the 1950s onward; the last use of the old \$5 pose in this survey was in 2002 following introduction of the new "NexGen" \$5 FRNs

^f works by Maynard (1891), Dana (1896, 1899) and Joseph Barrett (1924) employ CSA banknote engraver Frederick Halpin's Lincoln portrait engraving that was Burt's Fractional Currency model

^g the cent profile employed by Brenner on the cent ginned interest in this image by book publishers

^h Daniel Chester French's statue in the Lincoln Memorial was dedicated in 1927, and was used from 1929 on the backs of all classes of the new small size currency, and from 1959 on the backs of cents, too

ⁱ several placebo designs are included for comparison; the image of Lincoln and his son and the portrait of him facing forward (the "Gettysburg Lincoln") were equally unpopular until widespread publication by MP Rice, Francis D. Tandy, and Brown & Bigelow

^j Statues, excepting the D.C. French figure, have been unpopular as SLI among books in this survey, but observe the transition from the standing figure by Augustus Saint-Gaudens in Chicago to the seated French figure and other statues

^k the only non-bearded Lincoln image on paper money appeared during Lincoln's lifetime on a state banknote

^l Lincoln Centenary Assoc. compilation, *Speeches of Abraham Lincoln* (1908), employs a die proof of the Cooper Union banknote engraving as a *frontispiece*

(14) not considered are the Lincoln-Illinois commemorative half dollar, the Illinois state quarter, nor the various Mount Rushmore commems.

Since these currency and coin images were replicated millions and billions of times and circulated hand-to-hand, year-in-year-out over several generations, they therefore constitute the most prolific public displays of Lincoln's image. My original hypothesis (that Lincoln's image on our money creates his public persona) thus has a corollary: Lincoln money images influenced public perceptions and derivative uses of the Lincoln iconic figure in other secondary media, which reinforces our recognition of Lincoln and his meaning in History and our own lives. Wouldn't substantiation of this hypothesis be an important realization? I reckoned it would. It would validate a significant bit of numismatic evidence.

As explained, I recognized this hypothesis experientially from the many examples in my personal collection, but since I self-selected these items my conclusions about the affect of money images may be skewed. For example, since I never kept records of models of unpurchased items I have encountered over the past 40 years, maybe I disproportionately purchased items that reflect currency images. My collection might be contaminated by my bias towards numismatics even if I did so unknowingly.

In an attempt to test my hypothesis more scientifically I

sought out a method to explore this hypothesis in a neutral fashion. I determined that one measure that would be unbiased by my personal choices would be the prevalence of the various Lincoln life images and their derivatives in published Lincoln books -- not just any image (many books about Lincoln have lots of images of him at the various stages of his life and career), but the principal image of him selected. I call this image a "Significant Lincoln Image" (SLI). These would be *frontispieces* in older works principally, and cover or dust jacket illustrations principally in more recent volumes. (note: in limited cases Title Page illustrations were deemed the principal Lincoln image in a work.) In cases where works had more than one SLI, for example a dust jacket and a *frontispiece*, both would be recorded.

Canvassing my personal library, or even a large municipal or university library or even several of each was deemed insufficient sample size to reliably test my thesis. Sample size is important and must be aggregated in a bias-neutral manner. What I needed was an enormous Lincoln library for research purposes. While there are several, I determined the holdings of Lincoln Memorial University, Harrogate, TN would be ideal.

I received a research grant from our Society of Paper Money Collectors to travel to the far north-east reaches of the Volunteer State, and decided to conduct the research after the

recent Memphis International Paper Money Show, since I would be half way there once in the River City.

Lincoln Memorial University is a private, coeducational institution nestled in the Appalachian Mountains near the Cumberland Gap, where Kentucky, Virginia and Tennessee come together. It was chartered by the state on Lincoln's birthday Feb. 12, 1897. The campus in Harrogate is gorgeous, pristine, and idyllic.

The Abraham Lincoln Library and Museum on the campus houses one of the most diverse collections of Lincolniana in the country, including many rare items, and approximately 30,000 books, manuscripts, and other items related to Lincoln and his times.

The museum's Library proved an ideal test bed for my hypothesis, since its Lincoln volumes covered the gamut of biography and scholarship from Lincoln's time down to our own. Museum officials, especially archivist David Noe and curator Steve Wilson, were very helpful with my research, permitting me access to their splendid archives, and exchanging advice helpful to my research.

Putting my thesis to the test, I examined approximately a thousand volumes during a hectic and full four-day period. These books were examined bias-free as they fell cataloged on the shelves. Volumes were from the museum's public library, its curatorial library upstairs, and from the rare books stored in its climate-controlled, secured vault room. I believe this large sampling represents an excellent cross section of Lincoln books. Entries with bibliographic data and "Significant Lincoln Image(s)" were entered into a spreadsheet on my laptop computer.

The search produced 509 volumes with "Significant Lincoln Images." Two volumes were undatable. 100, six and two books had two or three or four SLIs respectively. Thus 629 likenesses that qualified as an "SLI" were recorded. Obviously, many of the works were unillustrated in terms of this search. Other volumes, predominately multivolume series were excluded because the multiple volumes have multiple SLIs on successive volumes, largely chronological. Duplicate volumes were not considered, however new editions were. Volumes strictly devoted to Lincoln's childhood were not considered since any key illustration would be beardless, an image not representative of Lincoln currency images (except in one rare case). In a small number of cases the date of publication was not listed, so the excellent Lincoln bibliographica were consulted (including Jay Monaghan's two-volume work).

This raw data was put in chronological order by the publication date of the volumes censused. What did I find? **Table 1** displays the chronological results of my canvas and my summary findings. Did this effort yield a statistically valid sample size, and is a similar result reproducible? The reader

can judge for himself/herself. For my part, more research will follow.

My findings are listed as the notes to the table. To me these demonstrate that currency and coins did indeed play an important part in conditioning public perception of Abraham Lincoln, measured by the "SLI Yardstick" at the large Lincoln library of Lincoln Memorial University. Although a number of Lincoln images have been employed on U.S. money, certainly the cent profile and the old \$5 pose have been the most enduring. The cent profile obviously had a major impact on derivative images of Lincoln like key book illustrations in my survey. The \$5 pose of my childhood schoolrooms and U.S. federal paper money from 1869 down to recent days likewise

impacted this type of literature. Furthermore, we can see a shift away from this image to the new "NexGen" portrait coincident to the introduction of these new FRNs. The Lincoln Memorial, on the backs of paper money and cents, also has impressed itself upon general consciousness.

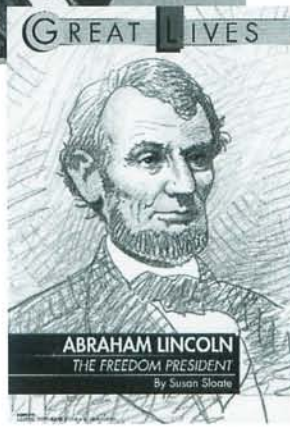
On June 29, 2006, the Treasury Department, BEP and Secret Service jointly announced a turn of mind on redesigning the present \$5 FRN. So this new note slated for debut in 2008 will join the four new Lincoln cent reverses and a bicentennial silver dollar as major celebrations of Lincoln's birth bicentennial in 2009. A Lincoln Presidential dollar will climax the fourth year of that series in 2010, too.

So Lincoln and his numismatic image will doubtless remain front center in the public purse and imaginations. Fortunately the Abraham Lincoln Bicentennial Commission co-chair is Harold Holzer, who is very sensitive to Lincoln portrayal. I favor the "Gettysburg Lincoln" (see *Contents* page) and created a Memphis exhibit touting it prior to the \$5 FRN makeover.

Lincoln often joked about his countenance and gangly physique. Cartoonists were not gentle with his features. But today he still polls first or second in most surveys of "America's Greatest President," so his money images are an important and ubiquitous ally in branding Lincoln consciousness. Are his money appearances solely responsible for shaping public perception? Of course not. Other factors can also create this buzz (the M.P. Rice image for example), but I contend branding via money is an important adjunct to consider.

Frank Brooks Cowgill's "Lincoln's Face" is apt: "God for his perfect revelation needs // His total work from galaxy to sod // And Lincoln shows, through myriad words and deeds, // How very like his spirit was to God".

Lincoln's iconic images on our money have been important in spreading that Lincoln brand around the globe, too. ♦



Society President pegs new committee appointments

SPMC President Benny Bolin announced new committee appointments after the annual board meeting at Memphis.

Paper Money Advisory Committee: members Reed, Hessler, Cochran, Anderson, Wolka and other volunteers; charged to assist, support and work with the Editor to ensure the highest quality product continues to be produced, to provide multiple and readily available contact points for the membership to access the Editor with ideas/concerns; to investigate and recommend to the SPMC Board at the 2006 meeting to be held in St. Louis, manners and methods of ensuring that timely society news, minutes, events and other information is distributed to the membership in a timely manner, preferably with the next edition of PM due out, to ensure that mechanisms are in place to continue the existence of PM to perpetuity, to ensure the highest level of professional interaction with our advertisers occurs and that ad revenue is received and properly credited in a timely manner.

Nominating Committee: (see separate story page 384)

Awards Committee: membership open to any and all volunteers; Committee charged to publish call for nominations in PM in appropriate months including the Dr. Glen Jackson award, obtain judges for awards including exhibit awards, obtain appropriate prizes for winners, investigate naming of some or all literary awards for Forrest Daniel and others, investigate and recommend to the board appropriate hardware for the Founders award.

Web Site Committee: members Schreiner, Bolin, other volunteers; charged to increase use of web site to provide more up-to-date information and topics.

Breakfast Committee: members Murphy, Wolka, Horstman, Moon, other volunteers; charged to investigate methods to ensure quality of breakfast, investigate most cost effective menu, investigate expansion based on price and demand, recommend to the board pricing structure including comps to service award winners.

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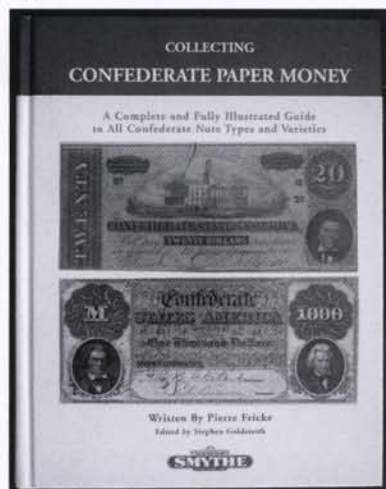
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